



STAFF REPORT

City Council

Meeting Date:

3/25/2025

Staff Report Number:

25-049-CC

Study Session:

Provide direction on program enhancements and new project options to continue implementation of the communitywide electrification program

Recommendation

Staff recommends that the City Council provide direction on program enhancements and new projects as prioritized by staff and the Environmental Quality Commission (EQC) outlined in Table 1.

Policy Issues

Climate action is a City Council priority for fiscal year 2024-25. The City has a 2030 Climate Action Plan (CAP) that provides a strategic roadmap to achieve carbon neutrality by 2030. CAP strategy No. 1 aims to electrify 95% of existing buildings by 2030. To achieve this, the City Council directed staff to identify partners for funding and financing programs for existing building electrification, including a specific income qualified turnkey program. Additionally, on Sept. 24, 2024, the City adopted its first General Plan Environmental Justice (EJ) Element in alignment with Senate Bill 1000 (2016). The EJ Element identifies priority activities to improve indoor air quality, which can be achieved by electrifying home appliances used for space heating, water heating, cooking and clothes drying.

Background

The California State Budget Act of 2022 (Assembly Bill 179) appropriated \$4.5 million through the California Energy Commission (CEC) to the City of Menlo Park for a communitywide electrification project. Originally, Menlo Spark, an independent non-profit, requested the funds through Senator Becker's office to support low-income whole-home electrification upgrades in the Belle Haven neighborhood. On July 11, 2023, the City Council adopted a resolution authorizing the city manager to accept the funds. The City received the first half of the funding in September 2023 (a total of \$2.25 million). The state will provide the remaining funds once the City spends the first half of the funding and submits a progress report. The City must spend the full balance of the \$4.5 million by June 30, 2026, or return any remaining funds to the state.

On April 2, 2024, City Council authorized an agreement with Peninsula Clean Energy (PCE) for \$2,210,000 to administer a state funded home electrification program and provided guidance to staff to provide regular updates as informational items (Attachment A). The City retained \$40,000 from the first half of the funds for marketing and promotion of the program.

The City's program is part of Home Upgrade Services, a portfolio of programs offered by PCE and Silicon Valley Clean Energy (SVCE), to support residents in electrifying their homes. PCE soft launched the program Aug. 28, 2024 to Menlo Park residents who previously expressed interest, and officially launched the program to all residents across San Mateo County and Los Banos Nov. 18, 2024.

While the program has generated interest, participation levels have not been sufficient to fully utilize the

funding allocated in the agreement with PCE. Following an analysis of six months of program data, staff presented outreach strategies, program enhancement options, and potential new project options to the EQC at their Feb. 19 meeting (Attachment B). The EQC evaluated and prioritized Home Upgrade program enhancements and new project options based on feasibility and implementation timelines, with a focus on initiatives that could be rapidly deployed to effectively utilize the grant funding. Staff is requesting City Council direction before implementing any of the recommendations described in the analysis section of this staff report.

Complementary home preservation program

In a related matter, in May 2023, the City Council awarded Habitat for Humanity Greater San Francisco (Habitat) a \$1.2 million grant to administer a home preservation program in the Belle Haven neighborhood (Attachment C). Habitat has experienced similar participation challenges as the Menlo Park Home Upgrade program. Habitat staff visited every home in Belle Haven to promote their preservation program and has had limited success. Similar to the suggested proposals in this report, staff will be bringing some of the same requests, including increasing the AMI level and allowing rental units to participate, to the City Council for its consideration in modifying the grant. The grant agreement expires June 30, 2026.

Analysis

Menlo Park Home Upgrade program status

As described in PCE's February monthly report (Attachment D), program activity to date includes 49 scheduled assessments, 28 completed assessments, 13 signed participation agreements, and two fully completed projects. PCE has also expanded services to include emergency water heater replacements for income-eligible Belle Haven homeowners, with two gas water heaters replaced with electric heat pumps.

Based on the current program average of \$29,000 per home, completion of all 49 homes in the existing pipeline would expend approximately \$1,421,000 of the allocated funding. This would leave approximately \$709,000 remaining in the PCE contract. To fully utilize the first half of the grant funds and maintain the necessary timeline for spending the second half of funds before June 2026, all homeowners currently in the pipeline plus approximately 25 additional eligible homeowners would need to complete their upgrades by the end of this summer. Staff has determined this target is not realistically achievable under current program parameters. Several options exist for City Council to consider increasing program reach. Within the current PCE contract structure, the City can implement program enhancements by modifying offerings and eligibility requirements. Additionally, City Council may consider authorizing new projects with potential partners, directing staff to develop detailed proposals for future consideration.

Table 1 presents options for City Council to consider for accelerating expenditure of the first half of grant funds and allocating the second half. These recommendations are arranged in priority order as established by the EQC and City staff, though the intent is to pursue the complete package of options to ensure full utilization of the state grant funds. While actual costs may vary based on community participation rates, City staff and the EQC believe that implementing all recommended program enhancements and new projects would advance community goals while ensuring timely expenditure of the entire state grant. Staff requests City Council direction on initiating each of the program enhancements and new projects summarized in Table 1 and described in more detail below.

Table 1: Staff and EQC recommendations for communitywide electrification program		
Priority	Recommendation	Potential cost
1	Offer a matching rebate	\$500,000
2	Expand income eligibility to 120% of area median income (AMI)	\$620,000
3	Electrify the Belle Haven Child Development Center (BHCDC)	\$680,000
4	Increase marketing and outreach	\$100,000
5	Serve select rental properties	\$290,000
6	Provide rental electrification kits	\$100,000
7	Install residential solar and battery storage systems	\$500,000
Total		\$2.79 million*

*City staff will continue to closely monitor all grant-related expenditures to ensure the City spends the entire \$4.5 million and does not commit to or spend beyond the awarded grant amount. The only exception is City staff time, which is not billed to the grant.

Menlo Park Home Upgrade program enhancements

Through the City's current contract with PCE, the Home Upgrade program could be expanded to include more households. Feasible options include offering matching rebates, expanding income eligibility, increasing marketing and outreach, serving select rental properties, and installing residential solar and battery storage systems.

Offer a matching rebate (Priority #1)

PCE's Home Upgrade Services includes rebates to single family and multifamily property owners to electrify one or more systems including water heating and space heating. Property owners and residents who are not income-eligible for no-cost upgrades access these rebates. PCE's current rebates are as follows:

Table 2: PCE single measure electrification rebates		
Item	PCE rebate amount	Median estimated cost after rebate
Heat pump water heater (HPWH) replacing a gas water heater	\$2,500	\$4,400
Heat pump heating, ventilation and air conditioning (HVAC) system replacing a gas heater or furnace	\$1,500	\$17,300
Electrical panel upgrade	\$1,000	\$4,100

Several cities provide complementary electrification rebates, including Piedmont, Redwood City, Roseville and Shasta. PCE launched its rebate program in January 2021 with water heaters, adding HVAC rebates in October 2022. Since inception, PCE has provided Menlo Park property owners with 188 water heater and 272 HVAC rebates. This year, PCE increased heat pump water heater (HPWH) rebates while decreasing heat pump HVAC system rebates to encourage HPWH installations by reducing gas-to-electric conversion costs. Staff recommends collaborating with PCE to administer matching rebates of \$500 per upgrade item for properties in Belle Haven where the property owner is not income-eligible for no-cost home upgrades. Based on previous interest, this matching program could cost up to \$500,000, if added to the Menlo Park Home Upgrade program. These rebates could also be offered to any rental property with in-unit equipment. City staff could initiate a contract amendment for PCE to be able to support the administration of a matching

rebate. If the City Council provides direction to pursue a matching rebate program, staff anticipate that it would launch late summer.

Expand income eligibility to 120% AMI (Priority #2)

The Home Upgrade program currently serves residents earning 80% or less of area median income (AMI), which is \$156,650 for a four-person household in San Mateo County. Expanding eligibility to Belle Haven households earning up to 120% AMI, which is \$210,000 for a four-person family, would align with other City affordable housing initiatives, including the below market rate (BMR) program. Attachment E provides the complete 2024 San Mateo County AMI limits. The potential number of newly eligible homeowners remains unknown, as current marketing has targeted only households at or below 80% AMI. City Staff would track the amount of participation for homeowners eligible under 120% AMI to ensure that applications from median and moderate-income households do not become a disproportionately large share of the program. Since the program needs 25 additional homeowners to spend down the PCE contract, City staff estimates that up to 20 homeowners at 120% could participate, costing approximately \$620,000.

Increase marketing and outreach (Priority #4)

Staff has conducted extensive community outreach to drive Home Upgrade program participation, as detailed in Attachment F. Efforts include attending and hosting community events, sending mailers, distributing flyers, hanging a banner at Chilco Street and Hamilton Avenue, and posting an electronic message board at Willow Road and Ivy Drive. Complementing these efforts, PCE has conducted email communications and collaborated with Climate Resilient Communities for door-to-door canvassing. Partnerships with community-based organizations and Belle Haven leaders have been critical to generating current program interest.

To strengthen these initiatives and partnerships, staff proposes creating a strategic marketing campaign that would identify eligible home addresses, develop materials resonating with Belle Haven residents, place strategic paid advertisements, expand door-to-door canvassing, and engage additional community organizations. Informal quotes for implementing this comprehensive campaign that would supplement current efforts range from \$35,000 to \$100,000.

Serve select rental properties (Priority #5)

Community outreach has revealed interest from both renters and landlords (at or below 80% AMI) in electrifying single-family homes. To minimize potential impacts on renters, such as rent increases and construction disruptions, staff recommends focusing on properties where both renters and landlords meet income eligibility requirements. The City Council could also consider extending eligibility to nonprofit-owned homes rented to income-eligible tenants, as HIP Housing and a Belle Haven church have already expressed interest. With City Council direction, staff can develop a process with PCE to include these types of rental units into the Home Upgrade program within a few months. This expansion would likely add 5-10 homes to the program at an estimated cost of up to \$290,000.

Install residential solar and battery storage systems (Priority #7)

PCE has identified 20 Menlo Park homes that received whole-home electrification in 2023 and have expressed interest in solar and battery storage installations. Currently, PCE is awaiting the State's opening of applications for the Self-Generation Incentive Program (SGIP). While the SGIP is competitive, PCE anticipates a high likelihood of securing funding for all submitted Menlo Park projects.

To pursue solar and battery storage beyond the 20 homes waiting for SGIP, PCE could amend its agreement with its selected solar and battery storage vendor to serve additional Belle Haven homes that are not in the SGIP pipeline. With City Council direction to incorporate solar and battery storage into the Home Upgrade program, City staff would collaborate with PCE to prepare a proposal for the PCE Board's

consideration that would enable eligible Belle Haven homeowners outside of the SGIP to receive solar and battery storage through PCE's already selected contractor. Since solar and battery storage projects are typically more costly than home electrification projects, City staff would recommend capping the number of homes that can participate. The City could add solar and storage to the electrification scopes of 10 homes for approximately \$500,000. During the initial Home Upgrade assessment, PCE's contractors could determine which homes are best suited for solar and battery storage based on energy use, site feasibility and homeowner interest. It will be important to establish criteria for solar and battery storage installation as there would likely be more interest than available funding.

New project options

Newly identified projects, including City facility electrification and rental home electrification kits, are also options for allocating state grant funds. While new projects would require City Council approval, staff can develop detailed scopes and contract materials with City Council direction.

Electrify the Belle Haven Child Development Center (BHDC) (Priority #3)

The EQC discussed electrification of City facilities and focused on opportunities to improve indoor air quality in Belle Haven in alignment with the EJ Element. The electrification of BHDC was identified as a priority project for the grant funds based on project readiness and alignment with recent City Council action. On May 21, 2024, City Council adopted a resolution authorizing the city manager to execute power purchase agreements to install solar at City facilities, including the BHDC (Attachment G). However, before PCE can install the solar panels at BHDC, the facility needs to be electrified to meet the program's minimum electrical load requirements. City staff have been working to identify funding sources for this program and have received a \$22,000 grant from PCE and are applying for a \$100,000 grant through the Bay Area Regional Energy Network (BayREN). Initial engineering analysis for electrifying BHDC shows that it could cost up to \$680,000. State grant funds would enable the electrification of water heating, heating ventilation and air conditioning, and cooking equipment, as well as the installation of a comprehensive filtration and circulation system to improve indoor air quality. If City Council does not give direction to allocate state grant funds to BHDC, staff will continue to seek grant funding opportunities.

Provide rental electrification kits (Priority #6)

During community outreach for the Home Upgrade program, staff identified significant interest from residents who live in rental properties who are currently ineligible for Home Upgrade participation, as PCE has not yet expanded the program to include rental homes. After evaluating options with the EQC, staff would like to explore different approaches to provide renters, living in both single family and multifamily properties, with portable electric appliances for space heating, cooling and cooking, along with air filters to support ventilation and portable solar-powered batteries to support home resiliency. There are successful appliance distribution models in the community that could inform program parameters, eligibility, appliance ownership and maintenance. One model would be implementing a rental electrification kit program through a contract with a community-based organization that could manage application processing, eligibility verification and kit distribution.

Accounting for administrative and equipment costs, it would be feasible to provide 20 rental electrification kits while still maintaining sufficient funds for the Home Upgrade program and other communitywide electrification initiatives. The estimated kit amount in Table 3 does not include administration costs and it is anticipated that the total cost to administer this program for 20 household would cost approximately \$100,000. Table 3 below outlines the proposed items that would be included in these kits.

Table 3: Potential rental electrification kit components	
Item	Estimated cost per unit
Portable heat pumps for air cooling and heating	\$700
Portable Induction cook tops	\$180
Countertop oven	\$300
Solar powered battery generators	\$2,000
Heated blanket	\$50
Air filter	\$500
Estimated kit amount	\$3,730

Additionally, through the EJ Element, the community prioritized the goal to reduce pollution exposure and improve air quality. Portable appliance options can also provide resiliency during power outages with the addition of a solar powered battery generator. Creating rental electrification kits supports implementation of the EJ Element for underserved communities.

If City Council directs staff to explore this new project option, staff will assess its feasibility based on state reporting requirements. If determined feasible, staff will return to City Council to approve funding authorization for the rental electrification kits.

Timeline

Staff can implement program enhancements and new project options upon receiving City Council direction. Some initiatives, specifically offering matching rebates, electrifying the BHCDC and providing rental electrification kits, will require additional City Council approval of contracts before implementation. However, several program enhancements can be incorporated immediately into the Menlo Park Home Upgrade program, including expanding income eligibility to 120% AMI, increasing marketing and outreach, serving select rental properties and installing solar and battery storage installations for eligible homeowners. The City's agreement with PCE is active through June 2026 allowing the Home Upgrade program to continue for the entire grant term. Staff recommends that City Council provide direction to staff to advance program enhancements and new projects as prioritized by staff and the EQC (outlined in Table 1).

Impact on City Resources

The City received \$2.25 million (first half of the CEC funds) to fund a communitywide electrification program. City administration is not included in the \$2.25 million expenditures. Through agreements with PCE and Cartwright Design Studio, to date \$56,030 has been spent on administrative and marketing activities. City Council direction will determine how the second half of the funds are allocated and staff can request the remaining \$2.25 million upon spending the first half. The City will continue to assign high priority to this project, and there is sufficient sustainability staff capacity to continue progress on this project.

Environmental Review

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines §§15378 and 15061(b) (3) as it will not result in any direct or indirect physical change in the environment.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

- A. Agreement with PCE
- B. Hyperlink – Feb. 19 EQC meeting minutes: menlopark.gov/files/sharedassets/public/v/2/agendas-and-minutes/environmental-quality-commission/2025-meetings/minutes/20250219-environmental-quality-commission-approved-minutes.pdf
- C. Hyperlink – May 9, 2023 Staff Report #23-117-CC: menlopark.gov/files/sharedassets/public/v/2/agendas-and-minutes/city-council/2023-meetings/agendas/20230509-city-council-regular-agenda-packet-w-pres.pdf#page=233
- D. PCE monthly report – February
- E. 2024 San Mateo County area median income limits
- F. Home Upgrade program outreach activities
- G. Hyperlink – May 21, 2024 Staff Report #24-091-CC: menlopark.gov/files/sharedassets/public/v/1/agendas-and-minutes/city-council/2024-meetings/agendas/20240521/h1-20240521-cc-pce-solar-storage_.pdf

Report prepared by:

Rachael Londer, Sustainability Manager

HOME ELECTRIFICATION PROGRAM FUNDING AGREEMENT

This Home Electrification Program Funding Agreement (“**Agreement**”), is entered into by and among the CITY OF MENLO PARK, a California municipal corporation (“**City**”), and PENINSULA CLEAN ENERGY AUTHORITY, a California non-profit joint powers authority (“**PCE**”), effective as of the date of execution by the City (“**Effective Date**”), with reference to the following facts:

RECITALS

A. In 2019, the City of Menlo Park adopted Resolution No. 6535 declaring a climate emergency and committing to accelerate actions to address climate change at a local level. In 2020 the City Council adopted the 2030 Climate Action Plan (CAP) (Resolution No. 6575) and updated the scope of work in 2021 (Resolution 6621). The CAP set the ambitious goal to be carbon neutral by 2030. CAP strategy No. 1 aims to electrify 95 percent of existing buildings by 2030. The City has pursued multiple avenues to promote electrification. In 2022, Menlo Spark, an independent non-profit, requested funds through California State Senator Becker’s office for a home electrification program focused on the Belle Haven neighborhood.

B. California Assembly Bill 179 (AB 179), Chapter 249/Statutes of 2022, section 19.56(e)(3), included an appropriation to the California Energy Commission (CEC) solely for a citywide electrification Program in the City of Menlo Park (City):

Sec. 19.56 . . . (e) WATER, DROUGHT, AND OTHER INFRASTRUCTURE

. . .

(3) "To be allocated by the California Energy Commission, \$4,500,000 to the City of Menlo Park for the citywide electrification Program."

C. On July 11, 2023, the City Council adopted a resolution authorizing the city manager to sign an agreement with the California Energy Commission to accept \$4.5 million in state funds for a citywide electrification Program.

D. On October 10, 2023, staff presented options for how to implement the community-wide electrification program, which included supplementing PCE’s established income-qualified direct install electrification program. The City Council directed staff to develop an agreement with PCE to implement the City’s program. PCE’s proposed scope of work, attached hereto as **Exhibit A** (“**Proposal**”), would implement the Menlo Park Home Electrification Program with a focus on the Belle Haven neighborhood over a three (3) year period (“**Program**”).

E. As more particularly set forth in the Proposal and corresponding agreement with Franklin Energy (Subconsultant) to perform the implementation work, PCE proposes to undertake

the following activities in order to carry out the Program:

1. PCE and its Subconsultant will finalize PCE's program design including program guidelines, procedures, and policies and work with the City to define eligibility requirements and guidelines for the City's funds, which may differ from the general PCE program. For the City funds PCE and the City shall: finalize customer and property eligibility requirements ("**Program Eligible Household**"), finalize guidelines for City funds, determine timelines and/or triggers for re-assessing eligibility and guidelines, and finalize enrollment documents such as customer participation agreements that outline the expectations and scope of work for qualifying projects ("**Participation Agreement**").

2. PCE and City will jointly collaborate on marketing the program to Menlo Park residents. This includes PCE's general program marketing for its entire service territory and any PCE and/or City marketing and outreach efforts specific to the City's funds. PCE is also contracting with a community-based organization (CBO) to perform canvassing activities for the program. PCE shall: market the program through email, direct mail, social media, and digital ads for the entire PCE service territory including Menlo Park; work with the City to execute targeted marketing to Belle Haven residents, which may include dedicated emails or direct mail campaigns; provide information on the program that City may use in their marketing and outreach efforts; co-develop flyers and other materials as mutually determined for Menlo Park-specific marketing activities; work with CBO Subconsultant to execute canvassing activities in Menlo Park; and produce one to two two-page case studies per year highlighting customer success stories in Menlo Park through the program period.

3. PCE's Subconsultant will perform all implementation tasks for the direct-install program once it is launched. Subconsultant will: screen customer leads based on program eligibility guidelines; manage all customer communications for the program in all stages of the program, including responding to customer inquiries and case management for customers in the pipeline; enroll customers by collecting necessary documentation and signed **Participation Agreement**; provide customer with educational materials on home electrification and on use and maintenance of equipment to be installed in customer's homes; perform home assessment ("**Home Electrification Assessment**") for the home, mostly in person but may sometimes be via video call; produce scope of work for each home based on a variety of factors including analysis of energy usage data, appliance age and conditions, home conditions, customer preferences, and program funding guidelines; deliver project scope of work to customer and receive sign off before scheduling installation; delegate installation work to program-approved Subcontractors to install measures outlined in the customer's scope of work; oversee Subcontractors work including reviewing their invoices and project documentation and working with them to resolve any customer issues; apply for City permits for measures to be installed; provide quality assurance, including ensuring permits are brought to closure and performing site visits to approximately 5% of homes; educate customer in successfully operating and maintaining the new measure(s) installed; provide customer with equipment technical manuals, equipment warranty

documentation, installation warranty documentation that are supplied with the equipment by the manufacturer; respond to workmanship warranty calls as needed and assist customer in responding to product warranty issues, according to the warranty obtained by customer; and apply for third party rebates available for the project to reduce PCE and/or the City's net costs.

4. Once PCE has launched the program, PCE shall: provide monthly progress and expense reports which shall include metrics for the reporting period and cumulative outreach and marketing costs, total number of interested participants, total number of completed Home Electrification Assessments, total number of Program Eligible Households, signed Participation Agreements, total number of homes served in Menlo Park, breakdown of homes served with PCE and City funds, total number of measures installed, total expenses and remaining budget; provide backup data listing each Menlo Park home served by the program and all information collected about that home; and have a monthly call with the City to review monthly progress and expense reports and evaluate expanding program eligibility.

F. On April 2, 2024, the City Council reviewed and considered the Proposal and adopted Resolution No. XXXX authorizing funding of \$2,210,000 from the General Fund to PCE for implementation of the Program ("**Funding**") subject to the review and approval of the City Attorney and City Manager of the terms and conditions of an agreement governing the Funding.

G. PCE is relying on the Funding to ensure that funds are available for the implementation of the City Program. Implementation of the PCE income-qualified direct install program would continue for eligible homes when Funding is no longer available.

Therefore, City and PCE agree as follows:

AGREEMENT

1. **Incorporation of Recitals.** The above Recitals are true and correct, and the Recitals and all defined terms and exhibits identified and set forth therein are hereby incorporated into this Agreement.

2. **Funding.** City hereby confirms to PCE that the City has approved, appropriated and allocated Funding in an amount not to exceed two million one hundred ten thousand and 00/100 dollars (\$2,210,000.00) from the General Fund for use by PCE to carry out and implement the Program in accordance with its Proposal, the terms of this Agreement, and the terms of the **CEC Agreement**, including funding for PCE's Program set up costs in an amount of \$8,000, administrative costs in an amount of \$12,000, outreach and marketing costs of \$60,000, and ongoing program implementation in an amount of \$2,030,000 inclusive of customer management costs of \$3,000 per home successfully electrified. In the event of any conflict between the terms of the Proposal and the terms of this Agreement, the terms of this Agreement shall control. PCE acknowledges and understands that the Funding from City shall not exceed two million one

hundred ten thousand and 00/100 dollars (\$2,210,000.00). The City shall hold and control the Funding for disbursement in accordance with the terms of this Agreement. PCE hereby represents and warrants that in exchange for the Funding that it will carry out and implement the Program in accordance with its Proposal and the terms of this Agreement. PCE shall submit disbursement requests for administrative costs and outreach and marketing on an annual basis based on PCE's Programed budget for the coming year. The City shall disburse Funding based on PCE's submitted budget within thirty (30) calendar days of requests for such disbursements.

3. **Request for Disbursement of Funding.** In order to obtain a disbursement of a portion of the Funding to fund each task, PCE shall submit invoices to the City as outlined in the compensation section of the Proposal (**Exhibit B**). The full Program setup costs would be invoiced upon completion of Task 1. Half of the Administrative Reporting costs would be invoiced at the start of Task 2 and the second half twelve months after the start of Task 2. Half of the Marketing and Outreach costs would be invoiced upon the start of Task 3 and the second half invoiced twelve months after the start of Task 3. Ongoing program implementation costs would be invoiced monthly beginning at the start of Task 4.

4. **Changes to Program.** PCE shall not make any changes in the Proposal that would affect the Program funded pursuant to this Agreement without the prior written consent of City, which consent may be granted or withheld in the sole discretion of the City. The foregoing notwithstanding, in no event shall any Funding be used for any purpose that is not directly related to transitioning natural gas powered equipment to electric powered equipment, increasing the energy efficiency, and enhancing electrical infrastructure in households of very low, low and moderate income as defined under State law¹. If there is any substantial change in the Proposal as it relates to the Program, as determined by City in its sole discretion, and which change is not approved by City or if the Program is discontinued by PCE and not replaced with a substantially similar program (with any replacement program to be approved by City in its sole and absolute discretion), any remaining available funds will be returned to City by PCE.

5. **Term.** Commencing on the Effective Date through and including June 30, 2026

¹ "Very low income" households means households with incomes of not more than fifty percent (50%) of AMI. "AMI" means the median income for San Mateo County, California, adjusted for Actual Household Size, as published from time to time by the State of California Department of Housing and Community Development in Section 6932 of Title 25 of the California Code of Regulations or successor provision. "Low income household" means households with incomes of not more than eighty percent (80%) of AMI. "AMI" means the median income for San Mateo County, California, adjusted for Actual Household Size, as published from time to time by the State of California Department of Housing and Community Development in Section 6932 of Title 25 of the California Code of Regulations or successor provision. "Moderate income" households means households with incomes of not more than one hundred and twenty percent (120%) of AMI. "AMI" means the median income for San Mateo County, California, adjusted for Actual Household Size, as published from time to time by the State of California Department of Housing and Community Development in Section 6932 of Title 25 of the California Code of Regulations or successor provision.

(the “**Funding Term**”), the City shall make the Funding available to PCE to carry out and implement the Program in accordance with its Proposal and the terms of this Agreement. PCE shall use good faith efforts to complete the electrification of at least forty (40) Program Eligible Households prior to expiration of the Term. PCE hereby acknowledges and understands that City will only fund electrification of a Program Eligible Home if the Participation Agreement entered into by and between PCE and a Program Eligible Household is dated prior to the expiration of the Funding Term. Commencing ninety (90) calendar days prior to the expiration of the Funding Term of this Agreement, provided there is Funding remaining available, PCE shall report to City no less frequently than once per month regarding the status of any prospective opportunities to electrify the home of a Program Eligible Household in order to coordinate on the orderly close out of the remaining Funding prior to the expiration of the Funding Term.

6. Program Set Up. PCE and its Subconsultant shall coordinate program guidelines, procedures, and policies with city staff. PCE shall deliver a document outlining eligibility requirements and guidelines for dispersing city funds, final enrollment documents, and guidelines for disbursement of city funds including averages and maximums for energy efficiency, electrical remediation and home repairs. The program set up shall establish a process for verifying customer and property eligibility.

7. **Monthly Report.** PCE shall submit a written narrative report to City within ten (10) calendar days following the end of each month describing the activities funded with the Funding pursuant to this Agreement. Said report shall identify items outlined in Task 2.1 including: metrics for the reporting period and cumulative outreach and marketing costs, total number of interested participants, total number of completed Home Electrification Assessments, total number of Program Eligible Households, signed Participation Agreements, total number of homes served in Menlo Park, breakdown of homes served with PCE and City funds, total number of measures installed, total expenses and remaining budget and such other data as may be required by City from time to time. Further, PCE shall describe their outreach efforts to identify Program Eligible Households, the number of applications PCE received and approved, the number of Home Electrification Assessments completed, the number of Participation Agreements entered into by PCE and Program Eligible Households, and the status and expected completion date of ongoing home electrification work undertaken pursuant to a Participation Agreement.

8. **Annual Financial Statement.** PCE shall make available to City within ninety (90) calendar days following the end of each fiscal year (i.e. July 1 through June 30) an annual financial statement and analysis setting forth in detail the manner in which, and the specific purposes for which, the Funding was expended to the date of such accounting, the outstanding balance of each Program Eligible Home as of the date of such accounting, the available balance of Funding as of the date of such accounting, and such other data as the City may require from time to time. Said statement and analysis may be combined with the coinciding monthly narrative report submitted pursuant to Section 7.

9 **Audit; Monitoring.** City may audit the records and accounts of PCE for the purpose of verifying expenditures by PCE of Funding provided hereunder or verifying statements or analyses made or provided by PCE hereunder. PCE shall respond to, and comply with, any audit exception made or taken by City relating to PCE's performance or failure to perform hereunder.

10. **Compliance with Laws; Prevailing Wages.** PCE shall carry out, and shall use its best efforts to ensure that its employees, volunteers, contractors and subcontractors carry out, the design and construction of all Program activities funded by the Funding in conformity with all applicable State of California Labor Code requirements; the City zoning and development standards; building, plumbing, mechanical and electrical codes; all other provisions of the City of Menlo Park Municipal Code ("Code"); all applicable disabled and handicapped access requirements, including the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Section 51, *et seq.*, this **Agreement** and the **CEC Agreement**; that all contractors or subcontractors hired by PCE are licensed in the State of California; and that all activities funded hereunder are only performed on property located within and benefit residents within City's corporate limits.

In the performance of its obligations set forth in this Agreement, PCE shall have the status of an independent contractor and shall not be deemed to be an employee, agent or officer of City. To the extent State prevailing wage laws apply to the Program, PCE shall ensure that it complies with prevailing wage requirements in connection with the design and construction of the electrification of the homes of Program Eligible Households (the "**Work**") pursuant to this Agreement, that no less than the general prevailing rate of per diem wages, and not less than the general prevailing rate of per diem wages for holidays and overtime work, for each craft, classification or type of worker needed to execute the Work shall be paid to all workers, laborers and mechanics employed in the execution of the Work by PCE, contractors and subcontractors doing or contracting to do any part of the Work. Copies of such prevailing rate of per diem wages are available at: <https://www.dir.ca.gov/OPRL/DPreWageDetermination.htm>.

To the extent applicable, PCE, its contractors and subcontractors, shall comply with all requirements of the California Labor Code, including but not limited to, Labor Code sections: 1773.2 (regarding posting wage determinations at each job site); section 1776 (regarding the certification, maintenance, and availability for inspection of payroll records); section 1777.5 (regarding employment of apprentices); section 1810 (regarding a legal day's work as 8 hours of labor); and section 1775 (regarding penalties for violations).

PCE shall defend, with counsel reasonably acceptable to City, indemnify and hold harmless City and Bay Cities Joint Powers Insurance Authority and their respective officials, officers, employees, agents and representatives ("**Indemnitees**") from and against any and all liabilities, obligations, orders, claims, damages, governmental fines or penalties, and actual expenses of defense with respect thereto, including reasonable attorneys' fees and costs

(“**Claims**”) arising out of PCE’s failure to comply with State of California Labor Code requirements pertaining to the design and construction of the Work. Further, PCE shall indemnify and hold harmless the Indemnitees with respect to all final judgments or settlements in actions brought by any “contractor” in which City is (i) determined to be an “awarding body” and (ii) damages are awarded, pursuant to Labor Code sections 1726 or 1781. PCE’s defense, indemnity and hold harmless obligations under this section shall survive expiration or termination of this Agreement.

PCE hereby waives, releases and discharges the Indemnitees from any and all present and future Claims arising out of or in any way connected with PCE’s obligation to comply with all State of California Labor Code requirements pertaining to the design and construction of the Work. This release applies to all potential future claims and PCE on behalf of itself and its agents, representatives, assigns, heirs, spouses, successors-in-interest, executors, administrators, employees, contractors, subcontractors, material suppliers and vendors (“**Releasors**”), agrees to waive any and all rights pursuant to Section 1542 of the California Civil Code, which reads as follows:

“A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.”

PCE shall include within each of its contracts, subcontracts, and within any other agreements with Releasors involved in the Work, a release in favor of the Indemnitees substantially identical to this Section 9.

11. **Indemnification.** PCE hereby agrees to defend, indemnify and save harmless City, its Council, officers, boards, commissions, agents, and employees (collectively, “**Indemnities**”) against and from any and all claims, suits or actions of every name, kind and description, which may be brought against Indemnities, or any of them, by reason of any injury to, or death of, any person (including corporations, partnerships and association) or damage suffered or sustained by any such person arising from, or alleged to have arisen from, any act or omission to act, negligent or otherwise, of PCE, its officers, agents or employees under this Agreement.

The duty of PCE to defend, indemnify and save harmless, as set forth herein, shall include the duty to defend as set forth in Section 2778 of the California Civil Code; provided, however, that nothing herein shall be construed to require PCE to indemnify Indemnities against any responsibility or liability in contravention of Section 2782 of the California Civil Code.

12. **Insurance.** PCE agrees that prior to performing any work on or within the residence of a Program Eligible Household pursuant to the terms of a Participation Agreement, PCE, at its sole cost and expense, shall procure and maintain in effect insurance coverage for

general liability, automobile liability, workers compensation, and Builder's Risk against claims which may arise out of or result from rehabilitation work undertaken by PCE, its agents, employees, volunteers, contractors and sub-contractors. PCE shall deliver to the Program Eligible Household and City one or more certificates of coverage, with the appropriate endorsements outlined below, prior to commencement of construction of the rehabilitation work outlined in the Repair Agreement. The insurance policies shall be provided by a financially responsible insurance company authorized to write business in the State of California and have, at all times, a Best's rating of "A- VII" (A minus VII) or better by AM Best & Company, and with coverage and policy limits as follows:

(i) The general liability insurance coverage shall have a per occurrence limit of one million and 00/100 dollars (\$1,000,000.00) and an aggregate limit of at least two million and 00/100 dollars (\$2,000,000.00), and shall be endorsed to (a) include the Program Eligible Household and Indemnites as additional covered parties providing all required coverages including coverages for both ongoing and completed operations, (b) stipulate that such coverage is primary and is not excess of, or contributing with, any other insurance carried by, or for the benefit of the Program Eligible Household and Indemnites, (c) apply separately to each insured and additional insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability, (d) waive any and all right of subrogation against the Program Eligible Household and Indemnites, and (e) contain a cross liability/severability endorsement (unless the base policy contains a separation of insureds clause accomplishing the same result);

(ii) The auto liability insurance coverage shall cover all owned, hired and non-owned vehicles brought onto the property of a Program Eligible Household with a per occurrence limit of one million and 00/100 dollars (\$1,000,000.00) and an aggregate limit of not less than two million and 00/100 dollars (\$2,000,000.00), and shall be endorsed to (a) include the Program Eligible Household and Indemnites as additional covered parties, (b) stipulate that such coverage is primary and is not excess of, or contributing with, any other insurance carried by, or for the benefit of the Program Eligible Household and Indemnites, (c) apply separately to each insured, Program Eligible Household and Indemnites against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability, (d) waive any and all right of subrogation against the Program Eligible Household and Indemnites, and (e) contain a cross liability/severability endorsement (unless the base policy contains a separation of insureds clause accomplishing the same result);

(iii) Worker's Compensation insurance as required by the State of California which shall be endorsed to waive any and all rights of subrogation against the Program Eligible Household and Indemnites; further, any and all subcontractors shall maintain insurance coverage limits in accordance with state statute which shall also be endorsed to waive any and all rights of subrogation against the Program Eligible Household and Indemnites; and

(iv) Builder's Risk property insurance on all buildings, structures, improvements, materials and real property on site, that are intended to be, or have already been incorporated into and forming part of the electrification work. Such coverage shall be in an amount not less than the final cost estimate of the Participation Agreement, plus the value of subsequent contract modifications and the cost of the materials supplied or installed by others, comprising the total value of the electrification work at the property of the Program Eligible Household on a replacement cost basis.

13. **Interest of Public Officials.** No members, officers, or employees or agents of the City of Menlo Park, no member of the City Council and no other public official who exercises any function or responsibility with respect to this Agreement or PCE's Program during his or her tenure, or for one year thereafter, shall have any interest, direct or indirect, in this Agreement or a related subcontract agreement, or the proceeds thereof. PCE shall incorporate in all subcontract agreements hereunder a provision prohibiting such interest.

14. **Lobbying Prohibited.** The Funding provided under this Agreement shall not be used by PCE for publicity or propaganda purposes designed to support or defeat legislation pending before federal, state, or local government.

15. **Religious Activity Prohibited.** There shall be no religious worship, instruction or proselytizing as a part of, or in connection with the performance of this Agreement.

16. **Events of Default.** Failure by either Party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and expiration of the applicable cure period described below, shall constitute a "default" under this Agreement. A Party claiming a default shall give written notice of default to the other Party specifying the default complained of. The other Party shall not be in default if (a) in the case of a monetary default, the defaulting Party cures the default within ten (10) days following receipt of the notice of default, or (b) in the case of a non-monetary default, the defaulting Party fully cures, corrects or remedies the default within thirty (30) days following receipt of such notice of default or, if the non-monetary default cannot be cured within 30 days, the defaulting Party commences to cure the default within such 30-day period and thereafter diligently and continuously prosecutes such cure to completion.

17. **Non-Binding Mediation.** If the Parties are unable to resolve any dispute arising in connection with this Agreement, the Parties agree to submit such dispute to a mutually acceptable professional mediator and to negotiate in good faith toward reaching a resolution of the dispute prior to taking legal action pursuant to Section 20, below. Each Party shall pay an equal share of the mediator's fees and expenses. Each Party shall be responsible for any other fees or costs such Party incurs in connection with participation in the mediation. The time between a Party's written request for mediation and the mediation itself, not to exceed ninety (90) days, shall toll the running of any applicable period of limitations for filing a claim or action.

18. **Remedies.** If either Party is in default under this Agreement following notice and expiration of applicable cure periods, the non-defaulting Party, following completion of the non-binding mediation conducted in accordance with Section 17 above, shall be entitled to pursue all remedies provided herein or available at law or in equity. Any legal actions under this Agreement shall be instituted in the Superior Court of San Mateo County, State of California. Any failure or delay by either Party in asserting any of its rights or remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies or deprive either such Party of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies. The rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same default or any other default by the other Party. Notwithstanding any other provision hereof to the contrary, neither Party shall be entitled to recovery of, and each Party hereby waives are right to pursue, any consequential, special or punitive damages in the event of a default by the other Party.

19. **No Member Liability.** No member, official or employee of either Party shall be personally liable to the other in the event of any default or breach by the defaulting Party or for any amount to which the non-defaulting Party may become due under the terms of this Agreement.

20. **Entire Agreement; Amendment.** This Agreement and the other exhibits, attachments and documents referenced in this Agreement, constitute the entire understanding and agreement of the Parties, and supersede all negotiations or previous agreement between the Parties with respect to all or any part of the subject matter hereof. This Agreement and the other exhibits, attachments and the documents referenced in this Agreement, may be amended only in writing signed by authorized representatives of City and PCE.

21. **Notice.** Any notice required or authorized under this Agreement shall be effective if, and only if, in writing and if, and only if, mailed, postage prepaid, by registered or certified mail or sent via overnight courier, to the Party in question at the then current primary business of such Party, or at such other address as that Party may later designate by notice. The current primary business addresses of the Parties are shown below:

PCE: Peninsula Clean Energy Authority
2075 Woodside Rd.
Redwood City, CA 9406
Attention: Shawn Marshall, Chief Executive Officer

with a copy to: County Attorney's Office
400 County Center, 6th Floor
Redwood City, California 94062
Attention: PCE General Counsel

City: City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025
Attention: Justin I. C. Murphy, City Manager

with a copy to: Burke, Williams & Sorensen, LLP
181 Third Street
San Rafael, CA 94901-6587
Attention: Nira F. Doherty, City Attorney

Notices shall be effective three business days after mailing if sent by registered or certified mail or one business day after mailing if sent via overnight courier.

22. Severability. Should any provision of any of this Agreement be found invalid by a court or other body of competent jurisdiction, said invalidity or ineffectiveness shall not affect the validity of the remaining provisions of this Agreement which shall remain in force to the maximum extent possible.

23. Interpretation. The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement and that the rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any document executed and delivered by either Party in connection with this Agreement. The captions in this Agreement are for convenience of reference only and shall not be used to interpret such Agreement. The defined terms in this Agreement shall apply equally to both the singular and the plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include” and “including” shall be deemed to be followed by the phrase “without limitation.” The words “approval,” “consent” and “notice” shall be deemed to be preceded by the word “written.”

24. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

25. No Conflicts of Interest. Each Party warrants to the other that no member of the governing body of the City or PCE and no other official of either Party during his/her tenure and for one year thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the Program or the Agreement, and PCE shall incorporate, or cause to be incorporated, in all such contracts or subcontracts pertaining to the Program a provision prohibiting such interest pursuant to the purposes of this certification.

26. Counterparts. This Agreement may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

27. Further Assurances. From and after the Effective Date of this Agreement, the Parties agree to do such things, perform such acts, and make, execute, acknowledge and deliver such documents as may be reasonably necessary or proper and usual to timely complete the actions contemplated by this Agreement.

28. Authorized Representatives. Whenever under the provisions of this Agreement the approval of the City is required, or the City is required to take some action at the request of PCE, such approval or request shall be given for the City by the City Manager or his or her designee, and PCE shall be authorized to rely upon such approval or request.

29. No Assignment. PCE may not assign its rights or obligations under this Agreement without the express written consent of the City, which may be granted or denied in its sole discretion.

30. Authority. Each Party represents that the signatory has the authority to bind each respective entity, and assents to each and every term contained within this Agreement.

31. No Third Party Beneficiaries. It is the intention of the Parties that under no circumstances are any rights created for persons or entities who are not parties to this Agreement and City owes no duty to any persons or entities not parties to this Agreement under a third party beneficiary theory or under any other theory of law.

32. Attorneys' Fees. If either Party commences any legal action against the other party arising out of this Agreement or the performance thereof, the prevailing party in such action shall be entitled to recover all litigation expenses, including but not limited to court costs, expert witness fees, discovery expenses and reasonable attorneys' fees.

33. No Joint Venture. It is expressly understood and agreed that neither Party shall become as a result of this Agreement a partner of the other nor a joint venturer with the other Party in the conduct of such Party's business or otherwise. This Agreement is not intended, and shall not be construed, to create the relationship of principal and agent, partnership, joint venture, or association as between City and PCE.

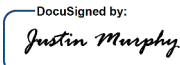
34. Successors and Assigns. Subject to the restrictions on assignment set forth in Section 31 above, all of the terms, covenants and conditions of this Agreement shall be binding upon City and PCE and their respective permitted successors and assigns.

(Remainder of page intentionally left blank)

CITY:

CITY OF MENLO PARK,
a California municipal corporation

APPROVED AS TO FORM:

By: 
Justin I. C. Murphy, City Manager


Nira F. Doherty, City Attorney

Date: /20/2024
 ("Effective Date")

PCE:

PENINSULA CLEAN ENERGY AUTHORITY,
a California non-profit joint powers authority

By: 

Name: Shawn Marshall

Its: Chief Executive Officer

Date: /20/2024

EXHIBIT A

PROPOSAL

[Attached]

Exhibit A-1 – Scope of Work

Overview

Peninsula Clean Energy (PCE) is the not-for-profit official electricity provider and joint-powers agency serving all of San Mateo County, including the City of Menlo Park. PCE makes significant investments in its communities to reduce greenhouse gas emissions, including investments for building electrification. To help residents electrify their homes, PCE runs an income-qualified direct-install electrification program, which provides low-income single-family homeowners with electrification, energy efficiency, resiliency, and minor home repairs measures at no cost to them. Selected through a competitive solicitation process, PCE has contracted with a third party, Franklin Energy (“Subconsultant”), to implement and administer its direct-install electrification program.

Through this Professional Services Agreement, the City is allocating funds to PCE’s income-qualified direct-install program. The intention is to leverage PCE’s existing program structure and to deliver on Menlo Park’s objectives of community-wide decarbonization, which are consistent with PCE’s objectives as well. The City’s funds will enable PCE to electrify more low-income single-family homes in Menlo Park than PCE’s program would do on its own. PCE estimates 30 to 40 homes will be electrified in Menlo Park with PCE funds; the City’s funds will electrify an additional 40 to 60 homes. PCE and its Subconsultant will apply for any available third party electrification incentives to maximize the number of homes served. The program will offer partial or full electrification thus the total number of homes served may be higher.

To efficiently manage the program and deliver a streamlined customer experience, the program processes and types of services and measures offered will be the same for all Menlo Park residents regardless of which funds (PCE’s or City’s) are paying for each home’s upgrades. However, PCE and the City will work together to finalize eligibility criteria and guidelines for the City’s funds, which may differ from PCE’s.

The following describes the anticipated customer eligibility criteria for the City’s funds:

1. Single-family homes and homes with up to four dwelling units (including duplexes and quadplexes) in Menlo Park’s District 1 (Belle Haven neighborhood), with the option to expand to other Menlo Park’s districts.
2. Homeowner occupied homes with option to expand to rented homes.
3. Homes with gas water heater and/or space heating and willing to replace at least one of those with electric alternatives.
4. Household income at or below 80% of the average median income, with the option to expand up to 120% of the average median income.

PCE's program will install a wide range of measures that are outlined in detail in PCE's contract with Subconsultant. Eligible measures include:

1. Heat pump space heating and cooling
2. Heat pump water heater
3. Induction cooktop/stove
4. Electric dryers
5. Electrical work such as new circuits (including outlets for electric vehicle charging), sub-panel or main panel replacements
6. Energy efficiency such as insulation and air sealing
7. Other minor home repair and resiliency measures

Tasks and Deliverables

1 Program Set Up

PCE and its Subconsultant will finalize PCE's program design including program guidelines, procedures, and policies. While City's funds will be implemented through the PCE program framework, PCE and the City will work together to define eligibility requirements and guidelines for the City's funds, which may differ from the general PCE program. For the City's funds, PCE and City shall:

- 1.1 Finalize customer and property eligibility requirements, including process for determining eligibility.
- 1.2 Finalize guidelines for City funds including averages and maximums for energy efficiency, electrical remediation, and minor home repairs, and maximums per home.
- 1.3 Determine timeline and/or triggers to re-assess eligibility and guidelines through the life of the program, and adjust if needed.
- 1.4 Finalize enrollment documents such as customer participation agreement.

Task 1 Deliverable: 1-2 page document outlining eligibility requirements and guidelines for City funds.

2 Administrative Reporting

After the program is launched, PCE shall:

- 2.1 Provide monthly progress and expense reports which shall include the following metrics for the reporting period and cumulative:
 - 2.1.1 Outreach & marketing metrics such as marketing campaign engagement metrics, number and source of leads generated/interested participants, and program conversion rate
 - 2.1.2 Total number of completed Home Electrification Assessments
 - 2.1.3 Total number of Program Eligible Households
 - 2.1.4 Total number of signed Participation Agreements
 - 2.1.5 Total number of homes in Menlo Park served.
 - 2.1.6 Breakdown of homes served with PCE and City funds.
 - 2.1.7 Total number of measures installed.
 - 2.1.8 Total expenses and remaining budget.
- 2.2 Provide backup data listing each Menlo Park home served by the program and all information collected about that home.
- 2.3 Have monthly call with the City to review monthly progress and expense reports and evaluate expanding program eligibility.

Task 2 Deliverable: Monthly progress and expense report and backup home-level data.

3 Marketing and Outreach

PCE and City will jointly collaborate on marketing the program to Menlo Park residents. This includes PCE's general program marketing for its entire service territory and any PCE and/or City marketing and outreach efforts specific to the City's funds. PCE is also contracting with a community-based organization (CBO) to perform canvassing activities for the program. PCE shall:

- 3.1 Market the program through email, direct mail, social media, and digital ads for the entire PCE service territory including Menlo Park.
- 3.2 Work with the City to execute targeted marketing to Belle Haven residents, which may include dedicated emails or direct mail campaigns.

- 3.3 Provide information on the program that City may use in their marketing and outreach efforts.
- 3.4 Co-develop flyers and other materials as mutually determined for Menlo Park-specific marketing activities.
- 3.5 Work with CBO Subconsultant to execute canvassing activities in Menlo Park.
- 3.6 Produce one to two 2-page case studies in English and Spanish highlighting customer success stories in Menlo Park per year.

Task 3 Deliverables: Flyers for Menlo Park-specific marketing activities and two to four case studies.

4 Ongoing Program Implementation

PCE's Subconsultant will perform all implementation tasks for the direct-install program once it is launched. Subconsultant shall:

- 4.1 Screen customer leads based on program eligibility guidelines.
- 4.2 Manage all customer communications for the program in all stages of the program, including responding to customer inquiries and case management for customers in the pipeline.
- 4.3 Enroll customers by collecting necessary documentation and signed participation agreement.
- 4.4 Provide customer with educational materials on home electrification and on use and maintenance of equipment to be installed in customer's homes.
- 4.5 Perform home assessment for the home, mostly in person but may sometimes be via video call.
- 4.6 Produce scope of work for each home based on a variety of factors including analysis of energy usage data, appliance age and conditions, home conditions, customer preferences, and program funding guidelines.
- 4.7 Deliver project scope of work to customer and receive sign off before scheduling installation.
- 4.8 Delegate installation work to program-approved Subcontractors to install measures outlined in the customer's scope of work.

- 4.9 Oversee Subcontractors work including reviewing their invoices and project documentation and working with them to resolve any customer issues.
- 4.10 Apply for City permits for measures to be installed.
- 4.11 Provide quality assurance, including ensuring permits are brought to closure and performing site visits to approximately 5% of homes.
- 4.12 Educate customer in successfully operating and maintaining the new measure(s) installed.
- 4.13 Provide customer with equipment technical manuals, equipment warranty documentation, installation warranty documentation that are supplied with the equipment by the manufacturer.
- 4.14 Respond to workmanship warranty calls as needed and assist customer in responding to product warranty issues, according to the warranty obtained by customer.
- 4.15 Apply for third party rebates available for the project to reduce PCE and/or the City's net costs.

Schedule of Work

Task	Timeline (start to end date or due date)
Task 1 – Program Set Up	Within 45 days of contract effective date
Task 2 – Administrative Reporting	45 days after contract effective date through June 30, 2026
Task 3 – Marketing and Outreach	45 days after contract effective date through June 30, 2026
Task 4 – Ongoing Program Implementation	45 days after contract effective date through June 30, 2026

Exhibit B – Compensation

Task	Estimated Amount (\$)	Invoicing and Payment Terms
Task 1 – Program Set Up	\$8,000	\$8,000 invoiced upon Task 1 completion.
Task 2 – Administrative Reporting	\$12,000	\$6,000 invoiced upon start of Task 2. \$6,000 invoiced twelve months after start of Task 2.
Task 3 – Marketing and Outreach	\$60,000	\$30,000 invoiced upon start of Task 3. \$30,000 invoiced twelve months after start of Task 3.
Task 4 – Ongoing Program Implementation	\$2,130,000	Invoiced monthly upon start of Task 4. For installation costs, invoiced based on measures installed that month and fixed measure costs in PCE & Subconsultant contract. For customer management costs, invoiced based on \$3,000 per home for homes completed that month.
Total Not-To-Exceed	\$2,210,000	



PCE Home Upgrade Program Monthly Report for City of Menlo Park

Reporting Period: February 1, 2025 – February 28, 2025

Program Overview

Peninsula Clean Energy's Home Upgrade [Full-Service Installation](#) offers San Mateo County residents whole-home electrification installation services to replace gas appliances with efficient electric alternatives. PCE also has an [emergency water heater replacement service](#) administered jointly with Full-Service Installation. Income-qualified residents receive upgrades at no-cost to them. Residents not income-qualified for no-cost upgrades receive installation services and PCE rebates and financing but have an out-of-pocket cost. The City of Menlo Park allocated funding to PCE's program to fund more income-qualified no-cost projects in Menlo Park, specifically in the Belle Haven neighborhood. PCE hired Franklin Energy to implement and administer the program. The Full-Service Installation program soft launched in late August to residents on a waitlist and to all resident in November. The program continues to be in a soft-launch state with PCE not running any County-wide marketing. The following memo includes details on PCE or PCE-contracted partner activities; it does not include activities by city staff. **Metrics below are for all Menlo Park income-qualified homes.** PCE will only invoice city for completed homes in Belle Haven, however summary metrics below include all homes in Menlo Park. Homes not income-qualified for no-cost upgrades are not included.

February Highlights

- **Completed first installations:** Installations in four homes were completed in February. All of them are in Belle Haven. Two of them are "full-service" homes, who received whole-home or near-whole-home electrification, and the other two were emergency water heater installations. Permit inspections for these homes are pending thus costs have not been invoiced with this report, however we have included the counts in the summary tables below. A new table for emergency water heater replacements have been added since those do not go through the same full process. PCE will provide a detailed breakdown of the scopes and costs for these completed homes with the invoice for the March reporting period.
- **Began canvassing in Belle Haven:** Climate Resilient Communities began canvassing in Belle Haven neighborhood. They visited 93 homes but only 22 (24%) answered the door and had a conversation with them. Of these, 16 were interested in the program but none of them wanted to enroll right away and flyers and contact information were left. 3 did not meet eligibility requirements and 3 were not interested. CRC will continue canvassing in Belle Haven based on lists provided by PCE. PCE uses marketing segmentation tools that filters out homes who are likely to be ineligible for the program (i.e. over income or renters) so not every single home in Belle Haven will be canvassed by CRC.

Participation Metrics – Full-Service Installation

Metric	February 2025	To Date
Home Assessments Scheduled	9	49

Home Assessments Completed	6	28
Signed Participation Agreements	3	13
Installations Completed	2	2
Fully Electrified¹	1	1

Participation Metrics – Emergency Water Heater Replacements

Metric	February 2025	To Date
Installations Completed	2	2

Appliances Installed

Metric	February 2025	To Date
HP HVAC	1	1
HPWH	4	2
Induction Cooking	1	1
Electric Dryer	1	1

Marketing and Outreach Metrics

Metric	February 2025	To Date
Emails sent	0	708
Direct mail sent	0	883
Canvassing – doors knocked on	93	93
Canvassing – customer enrolled	0	0

Budget Overview

Task	Total Budget (\$)	Invoiced (\$) February 2025	Invoiced (\$) To Date	Remaining (\$)
Task 1 – Program Set Up. Invoiced upon Task 1 completion.	\$8,000	\$0	\$8,000	\$0
Task 2 – Administrative Reporting. \$6,000 invoiced upon start of Task 2. \$6,000 invoiced twelve months after start of Task 2.	\$12,000	\$0	\$6,000	\$6,000
Task 3 – Marketing and Outreach. \$30,000 invoiced upon start of Task 3.	\$60,000	\$0	\$30,000	\$30,000

¹ While full home electrification is offered, customers may choose to keep some gas appliances. Customers are required to electrify at least their water heater or space heater to participate.

\$30,000 invoiced twelve months after start of Task 3.				
Task 4 – Ongoing Program Implementation. Invoiced monthly upon start of Task 4. For installation costs, invoiced based on measures installed that month and fixed measure costs in PCE & Subconsultant contract. For customer management costs, invoiced based on \$3,000 per home for homes completed that month.	\$2,130,000	\$0	\$0	\$2,130,000
TOTAL	\$2,210,000	\$0	\$44,000	\$2,196,000

2024 San Mateo County Income Limits

as determined by HUD - effective June 1, 2024

revised 05/14/2024

For HUD-funded programs, use the Federal Income Schedule. For State or locally-funded programs, you may use the State Income Schedule. For programs funded with both federal and state funds, use the more stringent income levels.

Please verify the income and rent figures in use for specific programs.

San Mateo County (based on Federal Income Limits for SMC)

Prepared 5/14/2024 - HUD-established area median Income **\$186,600** (based on household of 4).

<u>Income Category</u>	<u>Income Limits by Family Size (\$)</u>							
	1	2	3	4	5	6	7	8
Extremely Low (30% AMI) *	41,150	47,000	52,900	58,750	63,450	68,150	72,850	77,550
Very Low (50% AMI) *	68,550	78,350	88,150	97,900	105,750	113,600	121,400	129,250
HOME Limit (60% AMI) *	82,260	94,020	105,780	117,480	126,900	136,320	145,680	155,100
Low (80% AMI) *	109,700	125,350	141,000	156,650	169,200	181,750	194,250	206,800

NOTES

- * Income figures provided by HUD for following San Mateo County federal entitlement programs: CDBG, HOME, ESG.;

California State Income Limits for SMC

Effective 5/9/2024 - Area median Income **\$186,600** (based on household of 4)

<u>Income Category</u>	<u>Income Limits by Family Size (\$)</u>							
	1	2	3	4	5	6	7	8
Extremely Low (30% AMI) *	41,150	47,000	52,900	58,750	63,450	68,150	72,850	77,550
Very Low (50% AMI) *	68,550	78,350	88,150	97,900	105,750	113,600	121,400	129,250
Low (80% AMI) *	109,700	125,350	141,000	156,650	169,200	181,750	194,250	206,800
Median (100% AMI)	130,600	149,300	167,950	186,600	201,550	216,450	231,400	246,300
Moderate (120% AMI)	156,750	179,100	201,500	223,900	241,800	259,700	277,650	295,550

NOTES

- * 2024 State Income limits provided by State of California Department of Housing and Community Development ;

2024 San Mateo County Income Limits

as determined by HUD, State of CA HCD, and County of San Mateo

Income limits effective 06/01/2024.

Please verify the income and rent figures in use for specific programs.

HUD-defined Area Median Income **\$186,600** (based on household of 4). State median **\$186,600** (household of 4) due to hold harmless policy.

Income Category	Income Limits by Family Size (\$)								NOTES
	1	2	3	4	5	6	7	8	
Extremely Low (30% AMI) *	41,150	47,000	52,900	58,750	63,450	68,150	72,850	77,550	
Very Low (50% AMI) *	68,550	78,350	88,150	97,900	105,750	113,600	121,400	129,250	
HOME Limit (60% AMI) *	82,260	94,020	105,780	117,480	126,900	136,320	145,680	155,100	
HERA Special VLI (50% AMI) ***	78,350	89,550	100,750	111,900	120,900	129,850	138,800	147,750	See Note regarding HERA for FY2024***
HERA Special Limit (60% AMI) ***	94,020	107,460	120,900	134,280	145,080	155,820	166,560	177,300	See Note regarding HERA for FY2024***
Low (80% AMI) *	109,700	125,350	141,000	156,650	169,200	181,750	194,250	206,800	
State Median (100% AMI)	130,600	149,300	167,950	186,600	201,550	216,450	231,400	246,300	

Income Category	SRO **	Maximum Affordable Rent Payment (\$)					
		Studio	1-BR	2-BR	3-BR	4-BR	
Extremely Low *	771	1,028	1,101	1,322	1,527	1,704	
Very Low *	1,284	1,713	1,836	2,203	2,545	2,840	
Low HOME Limit*	1,284	1,713	1,836	2,203	2,545	2,840	effective 6/01/2024; 2024 HOME Limit
High HOME Limit *	1,656	2,208	2,366	2,842	3,275	3,634	effective 6/01/2024; 2024 HOME Limit
HERA Special VLI (50% AMI) ***	1,468	1,958	2,098	2,518	2,910	3,246	
HERA Special Limit (60% AMI) ***	1,762	2,350	2,518	3,022	3,492	3,895	
Low**	2,056	2,742	2,938	3,526	4,073	4,544	CA Tax Credit Rent limits for Low and Median Income Group
HUD Fair Market Rent (FMR)		2,292	2,818	3,359	4,112	4,473	HUD-published Fair Market Rents
Median **	2,448	3,426	3,672	4,406	5,090	5,680	CA Tax Credit Rent limits for Low and Median Income Group

NOTES

* Income figures provided by HUD for following San Mateo County federal entitlement programs: CDBG, HOME, ESG.

** CA Tax Credit Rent Limits for Low and Median Income Group

*** For San Mateo County, the Housing & Economic Recovery Act of 2008 (HERA) & the HUD 2010 HOME hold-harmless provision permit multifamily tax subsidy projects (MTSPs) & HOME projects placed in service before 1/1/2009 to continue to use HOME/tax credit/tax exempt bond rents based on the highest income levels that project ever operated under. Once these units are placed in service, the rents will not adjust downward should HUD establish lower incomes/rents in any subsequent year. Marketing of vacant units should be targeted to the current year's income schedule. However, HUD's Section 8 income limits are larger than those defined by Section 3009(a)(E)(ii) of the Housing and Economic Recovery Act of 2008 (Public Law 110-289). Therefore, for FY2024 no special income limits are necessary.

*+ SROs with -0- or 1 of the following - sanitary or food preparation facility in unit; if 5+ SRO HOME-assisted units, then at least 20% of units to be occupied by persons with incomes up to 50% AMI.

OTHER NOTES (generic)

- 1 Maximum affordable rent based on 30% of monthly income and all utilities paid by landlord unless further adjusted by HUD. Utility allowances for tenant-paid utilities may be established by Housing Authority of County of San Mateo Section 8 Program.
High HOME Limit rent set at **lower of**: (a) 30% of 60% AML, or (b) FMR (HUD Fair Market Rent).
For 2024, the FMR for Studio is the lower rent.
- 2 Rent Calculations - The following is the assumed family size for each unit: Studio:1 person 1-BR:1.5 persons 2-BR:3 3-BR: 4.5 4-BR:6
- 3 Table below provides rent guidance on appropriate income schedule to use:

Placed in Service Date	Maximum Inc. Limits Schedule
On or before 12/31/2008	2024 HERA Special
1/1/2009 to 5/13/2010	2024
5/14/2010 to 5/31/2011	2024
6/1/2011 to 11/30/2011	2024
12/01/2011 to 11/30/2012	2024
12/01/2012 to 12/17/2013	2024
12/18/2013 to 03/05/2015	2024
03/06/2015 to 03/27/16	2024
03/28/2016 to 4/14/2017	2024
04/14/2017 to 3/31/18	2024
4/01/2018 to 4/23/2019	2024
4/24/2019 to 3/31/2020	2024
4/01/2020 to 3/31/2021	2024
4/01/2021 to 4/17/2022	2024
4/18/2022 to 5/14/2023	2024
5/14/2023 to 3/31/2024	2024
4/01/2024 to present	2024

Rent schedules at www.huduser.org/portal/datasets/mtsp.html for additional information as well as the various income schedules. Please also refer to www.treasurer.ca.gov/ctac/2014/supplemental.asp



Home Upgrade Program Outreach Activities

Table 1 is a record of the outreach activities that City sustainability staff completed to date to encourage community participation in the Home Upgrade Program.

Table 1: Outreach activities		
Date	Activity	Method
4/13/2024	Hosted information table at the Love of Earth Festival	In-person tabling
5/11/2024	Hosted information table at the city's Housing Resource Fair to promote	In-person tabling, social media
6/15/2024	Hosted information table at Juneteenth event at Belle Haven Community Campus	In-person tabling
6/20/2024	Participated in Climate Resilient Communities' (CRC) Belle Haven Community Climate Change Team (CCCT) monthly meeting	In-person
6/26/2024	Added Home Upgrade program to Existing building electrification webpage	Webpage update
7/4/2024	Partnered with 350 Silicon Valley to share home upgrade program information at their booth at the fourth of July celebration	In-person tabling
7/10/2024	Distributed informational flyers at libraries and additional city facilities about Home upgrade program	Flyers
7/18/2024	Participated in Climate Resilient Communities' (CRC) Belle Haven Community Climate Change Team (CCCT) monthly meeting	In-person
8/6/2024	Hosted information table at Nation Night Out	In-person tabling
8/22/2024	Participated in Climate Resilient Communities' (CRC) Belle Haven Community Climate Change Team (CCCT) monthly meeting	In-person
9/19/2024	Participated in Climate Resilient Communities' (CRC) Belle Haven Community Climate Change Team (CCCT) monthly meeting	In-person
9/26/2024	Hosted information table at Employee Wellness fair	In-person tabling
9/27/2024	Provided flyers for Belle Haven Child Development Center Open House	Flyers
10/10/2024	Hosted information table at Belle Haven Community Campus Open House	In-person tabling
10/10/2024	Hosted information table at Clean Air Day at TIDE Academy	In-person tabling
10/15/2024	Developed program flyer in English and Spanish	Flyers
10/19/2024	Hosted information table at Flyway Trail opening at Bedwell Bayfront	In-person tabling
10/19/2024	Provided two Menlo Park electric home homeowners with flyers to distribute during Acterra's Electric Home Tour	In-person
10/23/2024 – 10/25/2024	Provided Habitat for Humanity with program flyers for grassroots door-knocking campaign in Belle Haven	In-person

10/29/2024	Hosted decorated electric vehicle and provided flyers at Trunk or Treat event at Belle Haven Community Campus	In-person
11/7/2024	Hosted information table at City's housing anti-displacement event in English	In-person tabling
11/14/2024	Hosted information table at City's housing anti-displacement event in Spanish	In-person tabling
11/17/2024	Hosted information table at table at the Wetlands and Watts event	In-person tabling
11/18/2024	Announced program launch in Weekly Digest	Published article on website
11/18/2024	Began advertising the program flyer on the video monitors at the Belle Haven Community Campus and the Neighborhood Service Center	Monitors
11/20/2024	Published program launch announcement through social media outlets	Social media
11/22/2024	Updated the City's residential electrification webpage to announce program launch	Webpage update
12/12/2024	Provided flyers and giveaways for Disaster Preparedness Workshop hosted at Belle Haven Community Campus	In-person
1/1/2025	Advertised program in January Recology billing insert	Direct mailing
2/5/2025	Presented Home Upgrade Program to Housing Commission	In-person
2/6/2025	Presented Home Upgrade Program at the Belle Haven Neighborhood Association	In-person
2/6/2025	Presented at the Sustainable San Mateo County webinar (Your City's Path to Sustainability) Home Upgrade: New Peninsula Clean Energy Services to Support Your Community in Decarbonizing	Webinar
2/10/2025	Published Weekly Digest announcing PCE's new website and program opportunities	Published article on website
2/11/2025	Provided flyers to school districts and related organizations serving youth in Menlo Park at the Community Trust meeting	Flyers
2/17/2025	Placed electronic message boards in the Belle Haven Neighborhood advertising the program	Street ad
2/20/2025	Presented at CRC's Community Climate Change Team meeting Feb. 20.	In-person
2/21/2025	Mailed postcard to 1,260 homeowners in Belle Haven	Mailing
3/10/2025	Placed program banner in the Belle Haven Neighborhood advertising the program	Outdoor ad
3/24/2025	Added Frequently Asked Questions resource to Existing building electrification webpage	Webpage update