



City Council

Approval of a Resolution Authorizing an Interlocal Agreement between Thurston County and the Cities of Lacey, Olympia, Tumwater and Tenino to Support Implementation of the 2025 “Energize Thurston” Heat Pump Group Purchase Campaign

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Title

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Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to approve a resolution authorizing an Interlocal Agreement between Thurston County and the Cities of Lacey, Olympia, Tumwater and Tenino to support implementation of the 2025 “Energize Thurston” heat pump group purchase campaign.

Report

Issue:

Whether to approve a resolution authorizing an Interlocal Agreement between Thurston County and the Cities of Lacey, Olympia, Tumwater and Tenino to support implementation of the 2025 “Energize Thurston” heat pump group purchase campaign.

Staff Contact:

Dominic Jones, Building Decarbonization Program Manager, City Manager’s Office, 360.753.8347

Presenter(s):

None - Consent Calendar Item

Background and Analysis:

Energize Thurston

Energize Thurston is a regional heat pump group purchase program that makes it faster, easier, and

more affordable for Thurston County residents to purchase and install energy-efficient heat pumps and heat pump water heaters (HPWH). Energize Thurston will reduce upfront costs through a group purchase discount provided by competitively selected installers and application of all available rebates as a time-of-sale discount. The campaign will offer two participant pathways:

- Low- and Moderate-Income (LMI) Pathway: will provide fully subsidized equipment installations for low-income households (<80% area median income; AMI) and partially subsidized installations for moderate-income households (≥80% but <120% AMI).
- Self-Funded Pathway: will provide a group purchase discount, free educational workshops, guidance on relevant incentives and financing, streamlined installation, and customer support available to all households in Thurston County.

Energize Thurston builds on the foundation of existing local and regional campaigns, including:

- The City of Olympia’s “Energize Olympia” campaign, which was developed and implemented in partnership with South Puget Sound Habitat for Humanity (SPSHFH). Energize Olympia provided discounted and subsidized ductless heat pumps to Olympia residents in 2023-2024, leading to 163 heat pump installations, including 96 fully subsidized installations for income-qualified households.
- “The Switch Is On” web platform, which provides education about electric home appliances and location-based tools to find incentives and vetted contractors.

Regional Implementation

Thurston County and the cities of Olympia, Lacey, and Tumwater have been working together since 2021 to implement the Thurston Climate Mitigation Plan (TCMP). In 2023, the jurisdiction partners established the Thurston Climate Mitigation Collaborative (TCMC) to support regionally coordinated implementation of the TCMP. Each year, the TCMC selects a Regional Initiative to advance in a coordinated way among all TCMC jurisdictions.

In 2023, the TCMC selected the development of a Residential Energy Efficiency and Electrification Campaign (Energize Thurston) as a 2024 TCMC Regional Initiative. Throughout 2024, TCMC staff completed key tasks to design and develop the regional Energize Thurston program, including a market assessment, incentive program research, stakeholder interviews, and a community survey.

Energize Thurston will expand the scope of Energize Olympia to serve residents throughout Thurston County and offer more equipment types, including ducted and ductless heat pumps and heat pump water heaters. Thurston County and the cities of Olympia, Lacey, Tumwater, and Tenino (“partner jurisdictions”) are entering into an Interlocal Agreement for regionally coordinated implementation of the campaign.

Thurston County will serve as the lead jurisdiction for Energize Thurston. This includes contracting with selected campaign installers and coordinating the implementation and administration of the campaign, with support from partner jurisdictions. Each partner jurisdiction (excluding Tenino) will contribute an equal share of funds for program administration, outreach, and marketing costs. Each jurisdiction will also contribute in-kind staff time to select program installers, develop communications materials, conduct outreach, and oversee applications and installations for participants residing within their jurisdictions.

Staff expect to launch Energize Thurston in March 2025, following the approval of this Interlocal Agreement, contracting with a program administrator to facilitate subsidized installations for income-qualified participants, and selection of vetted program installers.

Funding for Incentives and Subsidized Installations

The Energize Thurston partner jurisdictions will independently fund incentives and subsidized installations for their residents.

Each of the five partner jurisdictions has been awarded funds through the Washington State Home Electrification and Appliance Rebate (HEAR) Program to subsidize installations of eligible equipment for low- and moderate-income (LMI) households.

In addition to HEAR funding, Olympia, Lacey and Thurston County also expect to receive federal Energy Efficiency & Conservation Block Grant (EECBG) funding to support additional subsidized HPWH installations.

Climate Analysis:

The Thurston Climate Mitigation Plan (TCMP) identifies reducing energy use in existing residential buildings and converting to cleaner fuel sources, through the installation of heat pump space and water heating, as key strategies for local action to reduce greenhouse gas emissions (See TCMP Strategies B1 and B6).

Energize Thurston will enable a long-term reduction in greenhouse gas emissions, by supporting the installation of energy-efficient heat pump space heating and heat pump water heating in Olympia households.

Equity Analysis:

The Energize Thurston Program directly benefits low- and moderate-income households up to 120% AMI through fully- or partially subsidized installations of heat pump and HPWH equipment retrofits. Households at or below 80% AMI are eligible to receive full cost coverage installations of qualified heat pump and HPWH equipment, and households between 80% - 120% AMI are eligible for 80% cost coverage up to a maximum owner contribution of \$2,500.

Providing energy efficiency retrofits to low- and moderate-income households directly supports energy equity by removing the barrier of high up-front costs for equipment and installation, as well as reducing long-term energy use and lowering energy bills. In addition to reducing energy burdens, heat pump and weatherization retrofits offer resilience co-benefits including access to cooling, as well as improved comfort and indoor air quality.

Neighborhood/Community Interests (if known):

TCMC staff conducted a community survey for homeowners in Thurston County between September-October 2024, to help shape the Energize Thurston Campaign. Out of 165 total respondents:

- 68.5% of respondents shared a 'very favorable' or 'somewhat favorable' view of electric powered home appliances.
- Over 75% of survey respondents, when asked which barriers would affect their decision to switch to electric appliances, indicated upfront costs were either a 'Significant barrier' or 'Somewhat of a barrier'.

These results indicate a high level of interest and community support regarding electric home appliances, as well as significant demand for energy efficiency incentive programs that reduce the barrier of high upfront costs to complete retrofits.

Options:

1. Approve a resolution authorizing an Interlocal Agreement between Thurston County and the Cities of Lacey, Olympia, Tumwater and Tenino to support implementation of the 2025 “Energize Thurston” heat pump group purchase campaign.
2. Approve a resolution authorizing an Interlocal Agreement between Thurston County and the Cities of Lacey, Olympia, Tumwater and Tenino to support implementation of the 2025 “Energize Thurston” heat pump group purchase campaign with amendments.
3. Do not approve a resolution authorizing an Interlocal Agreement between Thurston County and the Cities of Lacey, Olympia, Tumwater and Tenino to support implementation of the 2025 “Energize Thurston” heat pump group purchase campaign.

Attachments:

Resolution
Agreement