

TO: Members of the Business, Arts, Workforce, and Aviation Services Committee  
FROM: Grace Rink, Executive Director  
SUBJECT: APTIM Contract Amendment (CASR-202265206-01 / 202261885-01)  
DATE: November 4, 2022

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## Executive Summary

This request to City Council is to approve an amendment to the existing contract with Aptim Environmental & Infrastructure, LLC (Aptim). The amendment will increase the contract amount from \$9,000,000 to \$27,000,000 for the term April 1, 2022, to March 31, 2025. There are no material changes to the scope of work, the contract will still provide rebate administration services to incentivize the adoption of highly efficient, all-electric energy equipment, electric modes of transportation, distributed energy resources, and other climate action technologies. Program background, outcomes, proposed changes, and timelines are detailed in this memo.

## Background

On November 3, 2020, the people of the City and County of Denver voted in favor of Ballot Initiative 2A, raising the local sales and use tax by 0.25% to create the Climate Protection Fund (CPF). The CPF, which is expected to raise approximately \$40M per year, is dedicated to eliminating greenhouse gas emissions and air pollution, supporting climate adaptation, and creating new jobs to improve the lives of Denverites, with efforts focused on the communities most harmed by climate change. Permitted uses of CPF dollars related to this project are:

- Upgrades to the energy efficiency of homes, offices, and industry to reduce their carbon footprint, utility bills, and indoor air pollution
- Programs and services that provide affordable, clean, safe, and reliable transportation choices, like walking, biking, transit, electric vehicles, and neighborhood-scale transit
- Adaptation and resiliency programs that help vulnerable communities prepare for a changing climate
- Increased investments in solar power, battery storage, and other renewable energy technology

Buildings and homes in Denver account for 67% of the City's emissions. Building electrification, or the practice of switching space and water heating from fossil gas sources to electric sources, is the most cost-effective way to meaningfully reduce heating emissions from fossil fuel. Xcel Energy was the first investor-owned utility in the country to announce a voluntary target to deliver 100% carbon-free electricity by 2050 and to plan 80% renewable electricity generation by 2030. Simultaneously, heat pump technology has advanced enough in the last decade so that it is now cost competitive with fossil-based systems.

The transportation sector is the second-largest source of GHG emissions, at 33% GHG emissions, and the largest source of air pollution in Denver. Reducing vehicle trips by increasing mobility options and shifting to electric vehicles and E-bikes contributes to GHG reductions, improved air quality, lower household expenses, health improvements from active transportation, and greater access to jobs, amenities, and opportunities.

In April 2022, CASR initiated the Climate Action Rebate (CARE) Program and a \$9,000,000 contract with Aptim to administer rebates for highly efficient, all-electric energy equipment including air-source heat pumps, cold climate heat-pumps, heat pump hot water heaters, distributed energy systems including rooftop solar and battery storage, electrical panel upgrades, EV Chargers, and E-bikes. The original contract budget was expected to last for the three-year contract term, but all offerings in the program proved to be immensely popular with the public and by the end of 2022 the funding will be depleted. An increase in program budget is requested to continue the impact of the CARE Program through the end of the contract term.

Equitable impact is critical to the CARE program and all CASR's work. To date, more than \$7,250,000 of rebates have been issued with 67% of E-Bike Rebates going to Income Qualified Customers. To increase equitable impacts of Home Energy rebates, a dedicated service was established in August 2022 with the non-profit partner Energy Resource Center (ERC). This approach allows Home Energy rebates for IQ participants to take advantage of thousands of leveraged dollars from State and Federal programs. This approach launched less than three months ago, and already a pipeline of approximately \$100,000 of Home Energy installations are expected to be installed in Q4 2022. With this approval, efforts to offer home improvement rebates to more income qualified applicants will continue to scale through the life of the program, greatly increasing program impact for Denver residents who are likely to experience the greatest impacts of Climate Change. Additionally, CASR's Healthy Homes Program is the primary means of equitable program impact in this space. The 3-year, \$6 million program implemented by Energy Outreach Colorado and BlocPower, a black-owned public benefit corp, will deliver no-cost home retrofits and electrification to 200 IQ households living with serious chronic respiratory conditions. Improvements will be implemented with the goal of improving indoor air quality, data from air quality measurements and health surveys will be measured pre- and post-intervention at each home.

### **Purpose of the Program**

- To accelerate market adoption for homes to become all electric, highly efficient, grid flexible, and powered by renewables.
- To promote modes of transportation which are low emission, replace car trips, and offer community benefits in the areas of health, congestion, air pollution, noise pollution, and energy security.
- To promote equitable distribution of climate action technologies across the City and County of Denver.

Planned rebate program outcomes include the following:

- Accelerated adoption and implementation of critical climate action technologies
- Reduced risk for consumers, vendors, and equipment suppliers
- Education and marketing impact for consumers
- Providing temporary market support until economies of scale reduce product costs

- Partnerships with established non-profits, community-based organizations, vendors, and installers to support equitable impact

#### **Contract Amendment Proposed Changes**

- Increase total contract budget to \$27,000,000 from previously approved \$9,000,000.
- Separate Scope of Work sections for E-bike rebates and Home Energy rebates
- Clarification of rebate administration and program update processes
- Clarification of reporting requirements including regular rebate projections, EDI strategy and demographic reporting, and client issue resolution procedures

### Addendum I: Anticipated Timeline

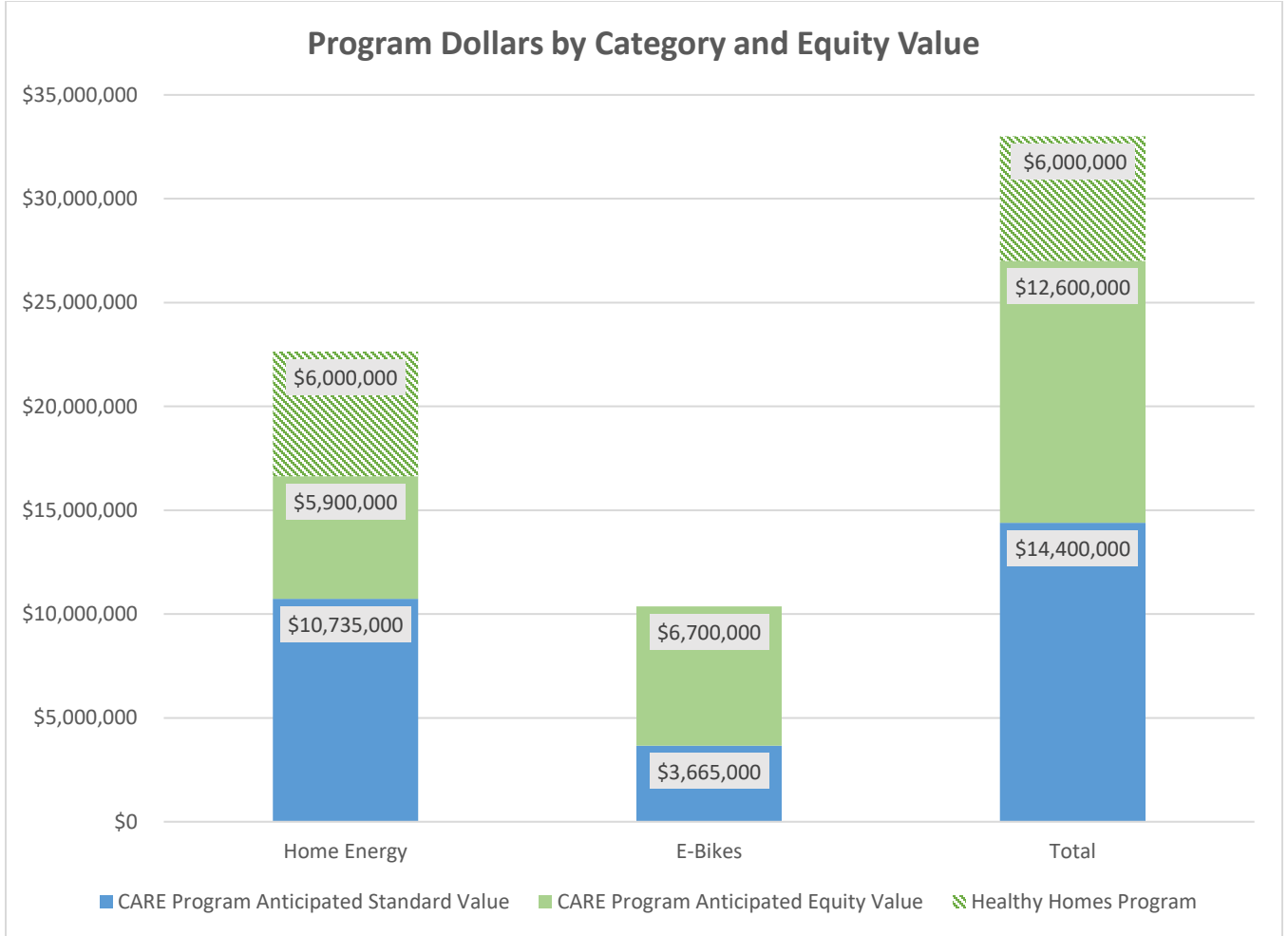
Milestone	Date
Amendment review by CASR and CAO completed	Oct 24, 2022
City Council BIZ Committee Consideration	Nov 16, 2022
Anticipated Mayor-Council Consideration	Nov 22, 2022
Anticipated Full Council Consideration	Nov 28, 2022
CARe Program Anticipated Public Update	Jan 9, 2023

### Addendum II: Program Summary

Table 1: CARE Program Snapshot as of Nov 1, 2022

Summary	Count of Rebates	Rebates Issued	Total Project Cost
<b>Home Energy</b>	<b>839</b>	<b>\$3,399,164</b>	<b>\$8,892,821</b>
<b>Standard Rebates</b>	<b>839</b>	<b>\$3,399,164</b>	<b>\$8,892,821</b>
Cooling and Heating	425	\$2,746,422	\$6,552,921
Service Upgrade	140	\$263,983	\$636,343
EV Charging	229	\$215,559	\$469,496
Renewables	45	\$173,200	\$1,234,060
<b>E-Bikes</b>	<b>4,468</b>	<b>\$4,482,494</b>	<b>\$8,783,033</b>
<b>Standard Rebates</b>	<b>2,256</b>	<b>\$1,442,099</b>	<b>\$4,859,612</b>
E-Bike	1,167	\$466,500	\$2,436,704
E-Cargo Bike	1,089	\$975,599	\$2,422,908
<b>IQ E-Bikes</b>	<b>2,212</b>	<b>\$3,040,395</b>	<b>\$3,923,421</b>
E-Bike	1,203	\$1,414,844	\$2,084,588
E-Cargo Bike	1,009	\$1,625,551	\$1,838,834
<b>Rebate Subtotal</b>	<b>5,307</b>	<b>\$7,881,658</b>	<b>\$17,675,854</b>

**Table 2: Anticipated Use of CARE Program Funding**



### CARE Program Highlights

- For every \$1 in CASR rebates, \$2.24 was spent in the local economy.

### E-bike Highlights

- Total number of E-bike rebates as of Nov 1, 2022: 4,468
- With the Amendment we anticipate over 3,000 E-bikes deployed yearly
- Income qualified rebates: 2,212 (49.5% of total)
- \$3,040,395 of rebates issued to IQ participants, 68% of E-bike rebate value
- \$8.7 million invested in the local economy in 23 different local bike shops
- Every \$1 in E-bike rebates results in \$1.96 in the local economy
- Rebates have saved Denver residents 51% off the price of their E-bikes

### Home Energy Highlights

- 839 Home Energy Projects utilizing 80 different local licensed contractors
  - 425 Heat Pumps installed,
  - 229 EV Chargers,
  - 45 home solar systems
- Denver residents have spent nearly \$8.9 million on home energy upgrades through this program
- Every \$1 in Home Energy rebates results in \$2.62 spent in the local economy
- With the Amendment we anticipate:
  - Total heat pumps installed (Air Source Heat Pumps, Ground Source Heat Pumps, Heat Pump Water Heaters): 3,000+
  - Total EV Chargers: 600+
  - Total Solar or Battery Storage: 500+

### Addendum III: Testimonials

*"I love my new E-bike! I've got rheumatoid arthritis and thought I would be unable to bike again, but the E-bike takes all the pressure off of my knees." Kelsey B.*

*"In a time of great need I was able to get the most fun form of transport ever." Luca A.*

*"We replaced an AC/furnace with a heat pump/furnace this summer and saw a 33% decrease in electric usage during AC season. We wouldn't have been able to afford it at this time without the CARE program!" John F.*