



CITY OF HOPKINS

## Memorandum

To: Honorable Mayor and Council Members  
Mike Mornson, City Manager

From: PeggySue Imihy Bean, Special Projects and Initiatives Manager

Date: May 09, 2023

Subject: Sustainability Update

---

### PURPOSE

Following sustainability updates in [April 2022](#) and [October 2022](#) tonight, staff will present an update on sustainability initiatives and accomplishments across departments.

This will include:

- A general update on on-going sustainability programming and recognition programs;
- An overview of the Hopkins Heat Vulnerability Study; and
- A discussion on the Hopkins Climate Solutions Fund

### *Ongoing Initiatives*

#### *Partners in Energy (PiE)*

The City of Hopkins has been accepted into Xcel Energy's Partners in Energy program, which will help the City develop and implement an Energy Action Plan over the next two years. Staff is nearly finished recruiting members to the Energy Action Team which will participate in five workshops over the next six months as part of the planning stage of the program.

Team members have been recruited through an open application process as well as targeted outreach to potential candidates who were recommended by the Council or who came to mind due to their affiliations and/or previous interest in energy and sustainability. If the Council has ideas for additional candidates to be added to the Energy Action Team, there is still time to add members before the first workshop scheduled for May 18th. Questions about PiE can be directed to Kurt Howard, Planner.

#### *Multimodal Policy/Scooters*

The City of Hopkins, in conjunction with the cities of Golden Valley and Minnetonka issued a joint Request for Proposals (RFP) for micromobility sharing operations for the 2023 season. After reviewing three submissions, the cities have recommended Spin as the provider. Scooters should roll out in early May, and stay available through November. A full analysis of the program and selection was included as an earlier item in this packet on the consent agenda.

### *SolSmart*

In 2022, the City of Hopkins achieved bronze designation in the [SolSmart Program](#). This March, the City was awarded a new designation of Silver. This achievement celebrates the City's commitment to making it faster, easier, and more affordable for property owners to go solar. This designation is in recognition of all the hard work and leadership the City has shown to reduce soft costs and encourage solar energy growth at the local level. Tonight, staff will present an updated plaque commemorating this achievement to the Council.

### *GreenStep Cities*

It is with great excitement to share that the City has reported the necessary metrics and has improved in three or more Step 5-eligible metrics this year, and will achieve both Steps 4 and 5 in the GreenSteps Cities Program. This is the first time the City has achieved Step 5, and this achievement marks the final recognition step in GreenStep Cities. Step advancements will be formally announced in May, and more information is to come from the program on receiving the award blocks. This achievement will be celebrated at the League of Minnesota Cities annual conference in Duluth, June 21-23. As a note, the GreenStep Cities website won't be updated showing new step achievements until June.

### *EV Smart Communities*

This spring the City of Hopkins was one of 50 communities accepted in the EV smart communities' program through the Great Plains Institute (GPI). This program, similar to Green Steps Cities or SolSmart is a points-based recognition program, which helps cities prepare and promote electric vehicles and electric vehicle infrastructure. Staff are currently working alongside GPI staff to begin working through the scoring system to determine at what level the City can be recognized for ongoing achievements related to EVs and set future goals in this area. Staff will bring a more detailed update at the October meeting.

### *Tree City USA + Arbor Day*

In 2023, the City of Hopkins has reapplied for Tree City USA status, a program which recognizes the City for ongoing efforts related to expanding and maintaining the tree canopy. Participation in Tree City USA requires the community to celebrate Arbor Day annually with a proclamation and celebration. This year staff from Public Works, and local contractor Heritage Shade Tree gave residents a presentation on caring for trees and had a free tree giveaway.

### *Tree Canopy + EAB Grants*

Public Works continues to remove trees infested with Emerald Ash Borer (EAB) from publicly owned land and replant new trees in accordance with grants obtained in 2021 and 2022 from the Minnesota DNR. As staff capacity allows, the department continues to look for opportunities that are feasible to accomplish in addition to ongoing projects.

### *Fleet Electrification and Electric Vehicles*

As part of the Xcel Energy funding Fleet Electrification Assessment Program, Sawatch Labs has completed its assessment of the City's current fleet and recommended several alternative vehicles which could be introduced into the fleet over time as vehicles require replacement and when EV charging facilities are installed within the City. Staff will explore a budget request for an EV charger at public works to help begin this transition.

HOURCAR is still scheduled to bring two electric vehicles to be located at Dow Towers. This grant funded opportunity will provide all charging infrastructure and vehicles for 18 months. While any resident in Hopkins is able to access these cars, which are part of HOURCAR's Evie program, income qualified residents can access the vehicles for just \$1 a month, and \$6 per hour. Staff will provide more information as we know when cars will be available.

### **Hopkins Heat Vulnerability Study**

In Spring of 2022, the City, in partnership with LHB and Local Climate Solutions, applied to the Minnesota Pollution Control Agency (MPCA) for a grant in the amount of \$49,568 to assess the climate vulnerability of properties along both the Blake Road and Excelsior Boulevard corridors. These areas are currently identified by the Metropolitan Council as areas which are extremely vulnerable to extreme heat and have less than the ideal tree canopy.

Over the last year, the project team has done a wide variety of community engagement with residents and property owners to understand what needs to happen for the corridor to be more resilient to climate change and to keep the community safe during heatwaves.

The [final report is an online tool](#) which documents current conditions, provides community sourced recommendations, and shows solutions used by similar communities experiencing the same conditions. In making this project a digital and interactive webpage, the community and property owners can interact with the platform in a way not traditional provided by paper reports. Property owners can also see how their exact property is affected by current climate conditions.

Tonight, Staff from LHB and Local Climate Solutions will provide a short overview of the project and demonstrate how the online website works.

### **Green Cost Sharing and Incentives for Alternative Energy Systems**

As discussed at the last sustainability update, the City regularly gets inquiries from residents and businesses regarding any incentives or grant opportunities for sustainable improvements such as solar, EV infrastructure and energy system improvements. During that meeting, Staff was directed to develop a green cost share program for sustainable property improvements using \$150,000 of ARPA funds. Staff has worked with local consultant, Local Climate Solutions, to develop an equity centered program that focuses on providing incentives for items which are likely to have the greatest impact on resiliency. Below is an overview of the program which takes into consideration existing rebates from utility provider, Xcel Energy, and planned State and Federal rebates and tax credits as part of the IRA legislation passed in 2022.

### **Hopkins Climate Solutions Fund (HCSF)**

#### Program Overview:

The City of Hopkins is offering incentives to residents and businesses to accelerate our transition to cleaner and more efficient energy. Leveraging electric utility rebates and federal incentives, this program will help to reduce upfront costs associated with replacing energy equipment and installing renewable energy systems.

### Xcel Energy Rebates

Xcel Energy offers rebates to residential customers to improve the efficiency of home energy appliances. This includes space heating and cooling systems, water heaters, efficient lights, and weatherization. Incentives are also available for electric vehicle charging equipment and solar installations. Find out more on the Xcel Energy [website](#).

### Federal Tax Credit and Rebates

The Inflation Reduction Act includes funding for residential energy efficiency and electrification. Rebates are expected to be made available in late 2023 through the State Energy Office. Tax incentives are also available to individuals, businesses, as well as tax-exempt entities for energy efficiency, electrification, and clean energy projects. More information is available through Minnesota [Clean Energy Resource Teams](#).

### Equity Considerations

Development of this program was done in line with both the Federal government's Justice40 Initiative and other similar cost-sharing programs in the Metro and across the country. Staff proposes dividing the available funding into three categories to ensure that there is equitable access for those who may have the greatest need:

- Income-qualified Residential: \$50,000
- Residential: \$30,000
- Commercial and Multi-Family: \$70,000

The definitions for these categories are proposed below. Additionally, a higher match is proposed for those in the green infrastructure bonus area – an area of the community that is a known environmental justice area, defined and problem solved for as part of the Hopkins Heat Vulnerability Study.

### Eligible Entities

The following entities are eligible to receive rebates from the City of Hopkins. The rebated amounts vary by eligible entities and technologies as described in the tables below.

- **Income Qualified Residential:** Individuals who own or manage a one- to four-unit residential property within the city of Hopkins where residents are Xcel Energy customers and earn 80% or less of area median income.
- **Residential:** Homeowners within the city of Hopkins who are Xcel Energy customers and earn 80% or more of Hopkins median income.
- **Multi-Family Buildings:** Multi-family properties located within the city of Hopkins with five or more units.
- **Business:** Property owners or managers of existing commercial buildings located within the city of Hopkins that have completed an energy assessment through [Energy Smart](#).
- **Green Infrastructure Bonus:** Eligible residential or commercial properties that are located in the urban heat island area of concern along either the Blake Road or Excelsior Boulevard corridors are eligible to receive a bonus rebate when they make site improvements that increase shade and/or convert 10% or more of dark impervious surfaces (parking lots) to cool pavement, impervious surfaces, or vegetation including shade trees; or replace rooftops with white membranes of green roofs.

## Timeline and Granting Process

Given a high degree of current interest in the program, Staff anticipates the program may run out of funds fairly quickly. This is in line with other grant programs the city offers, such as the façade improvement program where there are often more applications than available dollars. Where that program has design and other considerations that help determine funding, Staff felt that eligible expenses should not be hierarchically ranked to not discourage someone from making a small improvement if that is what their own finances allow. Instead, Staff proposes a close date for applications and then a lottery for funding. This allows everyone an equal chance of being funded, and if funds allow, all applicants could still be funded. The program is also proposed to have a long runway before applications are due to ensure all residents and businesses have an opportunity to hear about the program, and troubleshoot applications prior to applying.

- The proposed timeline for the program is as follows:
  - June 1 – Applications Open
  - June to August – City rolls out comprehensive engagement strategy to inform residents of the plan. This will likely include 1-2 dedicated in-person Q&A sessions, 1-2 virtual sessions, and program promotion at in-person events, in Hopkins Highlights and Connections and City Social Media Accounts.
  - August 14 – Applications close and verified for accuracy.
  - August 31 – Lottery is pulled, and grantees are notified.
  - December 31 – Deadline for grantees to submit final paperwork and be reimbursed\*

The program will operate similarly to the façade grant improvement program, where applicants will first need to purchase the improvement and then be reimbursed by the City.

In addition to the grant funding, Staff proposes to set aside \$100,000 from the general fund surplus to provide [eligible commercial and multi-family](#) entities with the ability to assess the cost of their improvements up to \$60,000 to their property. This allows entities to stack the HCSF grant, with utility and tax rebates, and additional City financing.

It should also be noted that until Federal rebates and tax credits are available, the City proposes to provide the full funding shown below.

- For example; if a resident were to apply for an induction oven which under IRA would receive an \$840 tax credit, the City would not subtract that \$840 from the eligible Hopkins Rebate if IRA funding is not yet available to residents.
- This means that until Federal IRA funding is made available, the City would be matching a higher dollar amount for any item which would be rebated in this way.

*\*Given that some exterior building envelope improvements such as solar may not be completed during the Fall, pending weather, Staff may allow this deadline to be extended on a case-by-case basis.*

## Eligible Incentives for Residential

The tables below summarize estimated rebates from federal and utility incentives, as well as complementary rebates offered by the city of Hopkins. It is important to note that federal rebate amounts vary by income level. For example, individuals earning more than

80% of area median income are eligible for rebates that are 50% of the costs of the equipment up to the maximum allowable rebate. Individuals earning less than 80% of area median income are eligible for rebates that are 100% of the costs of the equipment up to the maximum allowable rebate.

### Weatherization

Income Qualified	Technology	Federal Incentives		Utility Rebate	Hopkins Rebate
		Tax Credits	Rebates		
	Home Energy Assessment	\$0.00	\$0.00	N/A	100% of Assessment
	Insulation & Air Sealing	\$1,600.00	\$1,200.00	\$100.00	100% of remaining costs up to \$2,500
Residential	Technology	Federal Incentives		Utility Rebate	Hopkins Rebate
		Tax Credits	Rebates		
	Home Energy Assessment	\$0.00	\$0.00	N/A	100% of Assessment
	Insulation & Air Sealing	\$1,600.00	\$1,200.00	\$100.00	50% of remaining costs up \$2,500

### Energy Efficiency and Electrification

Income Qualified	Technology	Federal Incentives		Utility Rebate	Hopkins Rebate
		Tax Credits	Rebates		
	Electric/Induction Range	\$0.00	\$840.00	\$0.00	100% of remaining costs up to \$2,000
	Electric Panel Upgrade	\$600.00	\$4,000.00	\$0.00	100% of remaining costs up to \$2,500
	Heat Pump Water Heater	\$2,000.00	\$1,750.00	\$400-\$500	100% of remaining costs up to \$1,500
	Tankless water heater	\$0.00	\$0.00	\$250.00	100% of remaining costs up to \$500

	Air-source Heat-pump heating and cooling	\$2,000.00	\$8,000.00	\$600.00	100% of remaining costs up to \$2,500
<b>Residential</b>	<b>Technology</b>	<b>Federal Incentives</b>		<b>Utility Rebate</b>	<b>Hopkins Rebate</b>
		Tax Credits	Rebates		
	Electric/Induction Range	\$0.00	\$840.00	\$0.00	50% of remaining costs up \$2,000
	Electric Panel Upgrade	\$600.00	\$4,000.00	\$0.00	50% of remaining costs up \$1,500
	Heat Pump Water Heater	\$2,000.00	\$1,750.00	\$400-\$500	50% of remaining costs up \$1,500
	Tankless water heater	\$0.00	\$0.00	\$250.00	50% of remaining costs up \$500
	Air-source Heat-pump heating and cooling	\$2,000.00	\$8,000.00	\$600.00	50% of remaining costs up \$2,500

### Clean Energy and Storage

<b>Income Qualified</b>	<b>Technology</b>	<b>Federal Incentives</b>		<b>Utility Rebate</b>	<b>Hopkins Rebate</b>
		Tax Credits	Rebates		
	Battery Storage paired with solar	30%	\$0.00	\$0.00	50% up to \$4,000
<b>Residential</b>	<b>Technology</b>	<b>Federal Incentives</b>		<b>Utility Rebate</b>	<b>Hopkins Rebate</b>
		Tax Credits	Rebates		
	Solar Energy System	30%	\$0.00	\$0.02/kwh	15% of system cost up to \$2,500
	Battery Storage paired with solar	30%	\$0.00	\$0.00	15% of system cost up to \$1,500

### Sustainable Transportation

<b>Income Qualified</b>	<b>Technology</b>	<b>Federal Incentives</b>		<b>Utility Rebate</b>	<b>Hopkins Rebate</b>
		Tax Credits	Rebates		

	Electric Vehicle Charging Equipment	30% up to \$1,000.00	\$0.00	\$0.00	100% of remaining costs up to \$500
	Electric Bike	\$0.00	\$0.00	\$0.00	100% of cost up to \$1,000
<b>Residential</b>	<b>Technology</b>	<b>Federal Incentives</b>		<b>Utility Rebate</b>	<b>Hopkins Rebate</b>
		Tax Credits	Rebates		
	Electric Vehicle Charging Equipment	30% up to \$1,000.00	\$0.00	\$0.00	50% of remaining costs up to \$500
	Electric Bike	\$0.00	\$0.00	\$0.00	50% of cost up to \$1,000

Eligible Technologies for Commercial and Multi-family:

**Energy Efficiency and Electrification**

<b>Technology</b>	<b>Hopkins Rebate</b>	<b>Green Infrastructure Bonus</b>
Lighting	50% of total eligible utility rebate, up to \$1,500	75% of total eligible utility rebate, up to \$2,500
All other efficiency and electrification technologies per Xcel Energy rebate criteria	50% of total eligible utility rebate, up to \$3,500	75% of total eligible utility rebate, up to \$5,000

**Clean Energy and Storage**

<b>Technology</b>	<b>Hopkins Rebate</b>	<b>Green Infrastructure Bonus</b>
Solar Energy System	15% of system cost up to \$5,000	25% of system cost, up to \$7,500
Battery Storage paired with solar	15% of system cost up to \$3,000	25% of system cost, up to \$5,500

**Sustainable Transportation**

<b>Technology</b>	<b>Federal Tax Credit</b>	<b>Hopkins Rebate</b>	<b>Green Infrastructure Bonus</b>
Electric Vehicle Charging Equipment	30% up to \$100,000.00	15% of remaining cost up to \$2,500	25% of total eligible utility rebate, up to \$5,000

**FUTURE ACTION**

Staff is seeking feedback on the above programs and any further direction on sustainability programs and initiatives.