



DATE: September 8, 2025

TO: Council Sustainability Committee

FROM: Director of Public Works

SUBJECT: Heat Pump Water Heater Direct Installation Program Informational Update

RECOMMENDATION

That the Council Sustainability Committee (CSC) reviews and provides comments on this informational report regarding the Heat Pump Water Heater Direct Installation Program.

SUMMARY

In September 2023, City Council approved a \$1.25 million expenditure plan for the Calpine Clean Energy Fund, allocating \$328,000 to support the installation of electric heat pump water heaters (HPWHs) for low-income households located in census tracts near to the Russell City Energy Center (RCEC). In January 2025, staff released a Request for Proposals (RFP) to identify a qualified firm to serve as the program implementer. Larratt Bros Plumbing, Inc. (LBP) was selected and awarded the contract. Staff have been working with LBP to design the program details such as confirming eligibility, process mapping and marketing. Staff is providing this report as an update on program development and is seeking input from the Committee on further marketing approaches.

BACKGROUND

The Russell City Energy Center (RCEC) is a 600-megawatt natural gas power plant located within Hayward's industrial zone and operated by the Calpine Corporation. On May 27, 2021, the facility's steam turbine generator suffered a mechanical failure that resulted in a fire and explosion. The incident caused significant damage to the turbine and scattered debris into surrounding areas, including the City's Water Resource Recovery Facility and the Homeless Navigation Center. Following the incident, the City and Calpine entered into a Coordination, Resiliency, and Action Agreement, which included the creation of the Calpine Clean Energy Fund to support clean energy and resiliency projects.

On September 12, 2023¹, the City Council approved an expenditure plan that included \$922,000 for solar and battery installations at Fire Station 6 and the Regional Fire Training

¹ <https://hayward.legistar.com/LegislationDetail.aspx?ID=6343377&GUID=02373BAB-4C20-4402-951D-A5A7F75C6D07&Options=&Search=>

Center, and \$328,000 to support installation of HPWHs in low-income households near RCEC. In response to Council and community feedback, staff developed an RFP that included both required and preferred labor standards. Required standards included payment of prevailing wages to the plumbers and electricians installing the HPWHs. Preferred standards addressed use of local labor, contracting with Hayward-based firms, provision of employee benefits, and inclusion of entry-level or apprentice workers. These recommendations were presented to the Council Sustainability Committee on November 18, 2024², and were supported with comments emphasizing the importance of using Hayward-based contractors and exploring ways to reduce or eliminate homeowner cost-share to increase participation.

The RFP was released on January 15, 2025, and three proposals were received by the February 27 deadline. After evaluation and interviews, Larratt Bros Plumbing, Inc. was selected. LBP is an experienced Bay Area contractor with over 500 HPWH installations, including direct-install projects for low-income customers through Peninsula Clean Energy. Their proposal emphasized cultural and linguistic inclusivity, a streamlined application process, and a strong track record of customer satisfaction. The City Council authorized a contract with LBP on April 22, 2025³, and the agreement was executed in July.

DISCUSSION

Since Council's approval to negotiate and execute an agreement with the selected contractor, City staff have finalized and launched the Heat Pump Water Heater Direct Installation Program. The final program design reflects Council priorities—especially around labor equity, resident affordability, and environmental justice, it also meets the community's needs.

Program Implementation

It was mentioned in the April 22 City Council report that staff were considering a program design that would not require a co-pay from the customer. After further consideration and discussions with LBP and other programs in the region, the final program design will not have co-pay requirement for participating households out of concern that a co-pay requirement could significantly reduce program participation among low-income households. Income eligibility will be determined by confirming enrollment in the City's Low-Income Discount Program or PG&E's low-income programs (CARE or FERA). Other program eligibility requirements include residing in one of the three census tracts nearest the Russell City Energy Center, replacing an existing gas-fueled water heater, and preferring replacement of older water heaters have not changed.

Interested residents can begin the application process by calling or texting (510) 342-3692, a dedicated phone line that connects to Larratt Bros. Plumbing's (LBP) user-friendly "Plunj" platform. An LBP technician will ask a few questions to confirm eligibility and then schedule a short virtual assessment of the home's water heater needs. If approved, the

² <https://hayward.legistar.com/LegislationDetail.aspx?ID=7025110&GUID=37E8107C-8E61-4D60-AE3F-2BF7129807A5&Options=&Search=>
³ <https://hayward.legistar.com/LegislationDetail.aspx?ID=7349063&GUID=246A08AD-7ED8-4A8B-B642-43ECE7D2058D&Options=&Search=>

resident will sign a Participation Agreement, and LBP will take care of the permits and installation.

Marketing and Outreach

Preliminary outreach began at the All-American Festival, which occurred on June 28 in the program service area. Staff shared information with roughly 75 residents about the upcoming program and encouraged eligible residents to pre-register their interest.

Outreach for this program will be split into two phases. The first phase will be targeted to households in the program service area that are already enrolled in the City's Low Income Discount Program. Targeting households that are pre-qualified will reduce administrative costs. LBP staff will leave doorhangers at these homes with information about the program including the phone number associated with LBP's "Plunj" app to enroll and a link to the program webpage— <https://www.hayward-ca.gov/water-heater> —which has been created to provide residents with program information, eligibility criteria, and a contact form. Depending on participation levels, the second phase will expand outreach to all residential parcels in the service area, beginning with email and followed by mailers and doorhangers if funding remains available.

Labor Standards

LBP is a signatory contractor with Plumbers & Steamfitters UA Local 342 which covers Alameda County for commercial and residential construction. LBP also offers an "unlimited vacation" policy to their employees and has committed to meeting prevailing wage requirements as well as sourcing at least 25% of their labor locally.

Hayward's inclusion of equity-focused labor standards in the program RFP was presented at the 16th Annual California Climate and Energy Collaborative (CCEC) Forum in July 2025, a conference that brings together over 550 local and regional governments, nonprofits and community organizations, state governments, private entities, and more on equitable climate change and energy programming. The City shared its approach in a panel discussion alongside representatives from BayREN, San Francisco, and Berkeley, emphasizing how labor equity and climate resilience can be integrated in residential decarbonization efforts.

ECONOMIC IMPACT

The Heat Pump Water Heater Direct Installation program will benefit low-income residents who live in the surrounding area of RCEC by providing them with an affordable option for a more climate-friendly means of water heating.

Furthermore, LBP is a signatory contractor with Local Union 342 and is committed to having at least 25% of the workforce involved in this program be residents from Hayward or Hayward high school graduates.

FISCAL IMPACT

There will be no impact to the City's General Fund. The program will be fully funded by the Calpine Clean Energy Fund.

STRATEGIC ROADMAP

This agenda item supports the Strategic Priority of *Champion Climate Resilience & Environmental Justice*. This item does not relate to a specific project but does address the overall goal to *Reduce Greenhouse Gases and Dependency on Fossil Fuels*.

SUSTAINABILITY FEATURES

Replacement of natural gas water heaters with electric heat pump water heaters will reduce GHG emissions. Hayward's 2023 community wide GHG inventory shows that approximately 15% of emissions are from natural gas combustion in homes.⁴ Water heaters and furnaces typically account for 91% of residential natural gas use. Reducing natural gas consumption will help the City reach its goal of reducing emissions by 55% below 2005 levels by 2030.

PUBLIC CONTACT

Outreach began at the All-American Festival on June 28, 2025, where staff engaged residents about the program. Once the Participation Agreement is finalized, LBP and staff will begin outreach to eligible households in the program area.

NEXT STEPS

Staff will continue to work with LBP to market the program and strive to successfully complete 40 water heater installations within 12 months.

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Recommended by: Alex Ameri, Director of Public Works

Approved by:



Jayanti Addleman, Interim City Manager

⁴ <https://hayward.legistar.com/LegislationDetail.aspx?ID=7261918&GUID=B7976ABF-3582-437F-813C-C8859B65C51A&Options=&Search=>