

ITEM #: 36
DATE: 03-10-26
DEPT: CMO

COUNCIL ACTION FORM

SUBJECT: 2026 CITY OF AMES CLIMATE ACTION GRANTS PROGRAM

BACKGROUND:

To support community partners in completing projects that align with the Climate Action Plan (CAP), at the January 25, 2025 Council meeting, the [City Council approved \\$70,000 towards the Climate Action Grants Program](#) (Program).

The Program offers two grant opportunities:

1. **Community Climate Grants - up to \$10,000 for each grant award.** This opportunity is available to any organization in Ames, including non-profits, businesses, and groups of individuals.
2. **Youth Mini-Grants - up to \$500 for each grant award.** This opportunity is available to young people in Ames grades 12 or lower.

Below is a summary table of the two grants and their status as of March 6, 2026:

	Community Climate Grants	Youth Mini-Grants
Total Amount Available	\$66,500	\$3,500
Maximum Award Amount	Up to \$10,000	Up to \$500
Availability	Two application rounds in spring and fall 2025	Applications accepted on a rolling basis until available funds are fully expended
Total Applications Received	14 applications requesting \$114,165 in funding	6 applications requesting \$3,000 in funding
Grants Awarded	9 grants totaling \$60,325 (see attachment)	6 grants totaling \$3,000 (see attachment)
Grant Match Requirement	20% of total project cost either through a cash match or volunteer hours. The goal of the cost match is to leverage private dollars into sustainable upgrades. The nine awarded projects are expected to leverage \$70,000 in matching funds and 200 volunteer hours	None
Grant Duration	Up to one year to complete their project. All projects are anticipated to be completed by November 2026.	Up to six months to complete their projects. All six projects are complete as of December 2025.

Unused Funds as of March 6, 2026*	\$6,175	\$500
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*any unused funds would be carried forward should the Council choose to continue the Program.

Grant funds are disbursed as a reimbursement after project completion. More information about the grants can be found at www.cityofames.org/ClimateActionGrants.

Staff believes providing these grant opportunities have been successful in getting the community to take meaningful sustainable actions. Therefore, for FY 2026/27 staff is seeking Council authorization to allocate an additional \$70,000 for these two programs: \$66,500 for Community Climate Grant and \$3,500 for the Youth Mini-Grants. Any unused funds from the first round of funding would carryover.

If approved, the Youth Mini-Grants would remain available on a rolling basis. Another round of community climate grant applications would open in late March 2026 and awards would be made in July 2026.

Residential Owner-Occupied Sustainability Grants:

In addition to the two grants described above, for FY 2026/27 staff is seeking Council authorization to allocate up to \$80,000 towards establishing a new grant opportunity: Residential Owner-Occupied Sustainability Grants.

This new opportunity would support low- to moderate-income (LMI) households with funds to install solar panels or a whole-home heat pump system. For this program, LMI would be defined as less than 120% of area median income (AMI), as published by the US Department of Housing and Urban Development for the Ames, IA metro area annually. If approved, income limits for 2026 are included in the table below.

US HUD Income Limits, 120% of Area Median Income for the Ames, IA metro area

Persons in Family	1	2	3	4	5	6
120% AMI	\$104,160	\$119,040	\$133,920	\$148,680	\$160,680	\$172,560

Eligibility is also limited to owner-occupied households. Rental households are not eligible as it would not be feasible to monitor compliance with the income limits as rental properties change tenants, and improvements may inadvertently result in higher rents.

Furthermore, these grants would cover up 30% of total project costs, up to \$4,000. Staff believes this amount is enough to encourage action while using resources efficiently, enabling the distribution of funds across more projects. The table on the next page provides project cost estimates and the impact of each project type.

Eligible Project Type	Cost Estimate	Lifetime Carbon Emission Reduction Estimate	Average Useful life
Whole-home Heat Pump* (must be Energy Star rated)	\$10,000 - \$20,000	30 – 40 MT CO ₂ e**	15 years
Solar*	\$15,000 - \$25,000	10 – 15 MT CO ₂ e**	25 years

*Ames Electric customers are also eligible for Smart Energy rebates for these projects

**MT CO₂e = metric tons carbon dioxide equivalent

For context, annual greenhouse gas emissions per capita and per household in Ames are about 15 and 37 MT CO₂e, respectively.

Similar to the established grant opportunities, this new grant will be provided on a reimbursement basis. Equipment must be installed, properly permitted, installed by a licensed contractor, and operating prior to submission of the application. Funds will only be dispersed to residents and not contractors. If this new grant is approved by Council, an income verification process will be established, and this new grant will be made available in July 2026 and remain open until available funds are expended.

Funding

The initial \$70,000 for the Program was funded by the Sustainability Council Priorities Fund in FY 2025/26. The additional \$150,000 staff is seeking authorization on for all three grants for FY 2026/27 would also come from the same fund. The current unallocated balance of the Sustainability Council Priorities Fund is \$990,150.

ALTERNATIVES:

1. Approve up to \$150,000 in FY 2026/27 from the Council Priorities Fund sustainability reserve to be made available as Climate Action Grants, including:
 - a. \$66,500 in community climate grants,
 - b. \$3,500 in youth mini-grants, and
 - c. \$80,000 in residential owner-occupied sustainability grants.
2. Approve an alternative combination of funding and grant programming.
3. Do not approve any funding in FY 2026/27 for Climate Action Grants.
4. Refer back to staff for additional information.

CITY MANAGER'S RECOMMENDED ACTION:

Offering Climate Action Grant opportunities incentivizes residents and organizations to invest in sustainable actions in ways that benefit the broader community. The Climate Action Grants Program leverages private investment through cost sharing. Funded projects engage and educate the public about sustainability, and result in community greenhouse gas and climate resiliency benefits. The program has been successful thus far. The addition of residential grants will expand the program's impact and support low- to moderate-income households to

complete climate action projects.

This program aligns with the City Council Value of Environmental Sustainability and the Climate Action Plan. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.

ATTACHMENT(S):

[2025 Awarded Climate Action Grants.pdf](#)