

## IMPACT STATEMENT

**Legislation title:** \*Authorize the Director of the Bureau of Planning and Sustainability to execute the Portland Clean Energy Community Benefits Fund Heat Response, Equipment Purchasing Partner grant for a total allocation not to exceed \$10,020,289 (Ordinance; repeal Ordinance No. 190618)

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### **Purpose of proposed legislation and background information:**

Portland voters passed the Portland Clean Energy Community Benefits Fund (PCEF) in November 2018 to invest in community-originated climate action solutions that advance racial and social justice (Ballot Measure 26-201).

In June 2021, over the course of several days, almost 100 Oregonians lost their lives to extreme temperatures, with more than 60 deaths in Multnomah County. This heat wave was one of the deadliest documented natural disasters in Multnomah County's history.

Throughout the months following last summer's extreme heat event, PCEF staff gathered input from community partners and worked with the PCEF Committee to develop and design a program to connect vulnerable low-income people and people of color with efficient portable heat pump/cooling devices, in alignment with Portland City Code Chapter 7.07 (i.e., PCEF Code).

PCEF Staff developed a proposed Heat Response Program, with the following goals:

1. Reduce heat related risk to vulnerable populations by distributing and installing portable heat pump/cooling units in households, prioritizing those with seniors among PCEF priority populations (low-income people and people of color).
2. Use PCEF Guiding Principles in design and deployment.
3. Begin distribution in May/June 2022 with implementation taking place over a period of up to 5 years to distribute up to 15,000 portable heat pump/cooling units.
4. Promote energy efficient installation and use, as well as connection to programs that lower energy bills.
5. Provide support that maintains product life, efficient operation, and usability.

Following approval from the PCEF Committee, staff issued Request for Proposals (RFPs) for two different roles in the PCEF Heat Response Program:

- A. A single Equipment Purchasing Partner (EPP) to coordinate the centralized purchase of a range of portable heat pump/cooling units, coordinate equipment

delivery to contracted community distribution partners, and provide logistics and technical assistance.

- B. A number of nonprofit Community Distribution Partners (CDP) to distribute and install portable heat pump/cooling equipment, provide information about how to use the devices, and potentially install basic weatherization kits.

The EPP will be responsible for the following program elements:

- Work with City staff to identify specifications of equipment to purchase based on energy efficiency, features, usability and availability.
- Collaborate with City and CDPs to evaluate the total number of portable heat pump/cooling units to purchase, including HEPA air filtration units, when feasible.
- Manage contracts with manufacturers, retailers, commercial entities, or other organizations to purchase portable heat pump/cooling units and, as equipment cost savings permit, HEPA air filtration units.
- Coordinate delivery of the units through drop shipping to distribution partners, installers, or a temporary warehouse space.
- Contract with and reimburse CDPs selected by the City for installation of equipment and defined services.
- Develop training, maintenance, warranty, and equipment replacement procedures with CDPs, in order to maximize lifespan of equipment.

On November 10, 2021, the PCEF Committee recommended Diversifying Energy for the EPP role. The total recommended grant funding was \$11,495,820. On December 1, 2021, Council adopted Ordinance No. 190618 authorizing the BPS Director to execute a grant agreement with Diversifying Energy.

On December 12, 2021, a newspaper published its investigative findings that Diversifying Energy's Executive Director had a history of financial crimes and tax liens and likely misrepresented work experience on the EPP RFP application. City staff then independently documented Diversifying Energy's Executive Director's history of financial crimes and tax liens. PCEF staff independently conducted reference checks and were unable to conclusively verify work experience on the EPP RFP application.

On December 17, 2021, Commissioner Carmen Rubio directed PCEF staff to: (a) verify Earth Advantage's ability to serve in the EPP role; and (b) draft an ordinance for Council to consider repealing its grant award to Diversifying Energy and awarding the grant to Earth Advantage instead.

PCEF staff conducted reference checks on Earth Advantage and key staff identified in its EPP RFP application. Those references consistently praised Earth Advantage's high degree of capability, oversight, technical skills, financial management and project management. Earth Advantage's work experience was verified. The references also spoke highly of key staff identified in the EPP RFP application.

This ordinance will fund Earth Advantage for the Heat Response Program, EPP role and marks a major step towards addressing the needs of vulnerable Portlanders to access cooling in the face of increased climate-related heat risks.

Additional contracting will be necessary once Community Distribution Partners (CDP) are selected through a separate RFP process. The accelerated timeframe for granting to the EPP role is driven by the need to begin sourcing portable heat pump/cooling units immediately for initial distribution beginning in spring 2022. After the PCEF Committee makes a funding recommendation for CDPs, staff will return to Council to amend this grant agreement and increase the total budget to accommodate costs associated with the CDP role.

Budget overview	
Equipment purchasing partner: procurement, and logistics management	\$3,020,289
Portable heat pump/cooling units	\$7,000,000
<b>Total requested authorization</b>	<b>\$10,020,289</b>

**Financial and budgetary impacts:**

\$10,020,289 is allocated from the PCEF Fund for the purpose of: (1) funding the logistics management, contracting and technical support of Earth Advantage in serving as the Equipment Purchasing Partner in the Heat Response Program; (2) funding the purchase of 15,000 units of portable heat pump/cooling equipment; and (3) as equipment cost savings permit, funding the purchase of HEPA air filters for distribution alongside heat pump/cooling equipment. The PCEF Fund supported by revenues from the Clean Energy Surcharge that is part of Portland City Code Chapter 7.02.500 F.

PCEF staff will administer the grant.

**Community impacts and community involvement:**

The recommended grant will support the distribution of much needed cooling infrastructure for vulnerable Portlanders. The PCEF Heat Response Program will provide life-saving and efficient portable heat pump/cooling equipment to Portland's low-income people and communities of color, prioritizing those most vulnerable to the impacts of extreme heat fueled by climate change. For the distribution of efficient portable heat pump/cooling equipment in the PCEF Heat Response Grant program, priority populations are defined as those who are:

- People with low income
- Black people
- Native American/Alaska Native people
- Other people of color

Risk factors related to type of housing and the intersection with vulnerable groups (e.g., seniors and people with disabilities) will be used to further prioritize distribution of equipment during program implementation.

In the development of this Heat Response Program, PCEF staff have met with staff from dozens of housing providers, community organizations, tenant advocates, technical and government partners to identify needs and potential approaches to address extreme heat events. All of the stakeholders consulted expressed a clear and consistent support for this heat response approach.

**100% Renewable Goal:**

This PCEF Heat Response grant program will help community-based organizations distribute and install lifesaving, efficient heat pump/ cooling equipment, focusing on devices that can provide both cooling and heating. The program will also, where possible, deliver information about energy efficiency, install basic weatherization measures, and connect people with programs to save on their energy bills. The impact on the City's total energy use is difficult to estimate, as it is dependent on future climate impacts, as well as individual usage. While this deployment of equipment is not generating renewable energy, it allows the PCEF program to identify opportunities for additional energy savings, in direct support of the City's 100% renewable energy goal.

**Budgetary Impact Worksheet****Does this action change appropriations?**

- ☐ **YES:** Please complete the information below.  
☒ **NO:** Skip this section

<b>Fund</b>	<b>Fund Center</b>	<b>Commitment Item</b>	<b>Functional Area</b>	<b>Funded Program</b>	<b>Grant</b>	<b>Sponsored Program</b>	<b>Amount</b>