



Bureau of Planning and Sustainability

Date: March 1, 2022
To: Portland Clean Energy Fund Committee
From: PCEF Staff
Subject: Heat Response program, Community Distribution Partner overview

The following memo outlines provides:

1. An overview of proposals received for the Community Distribution Partner (CDP) role in the Heat Response program; and
2. An overview of the uniform cost structure model for Community Distribution Partners; and
3. A summary of key take-aways

PCEF staff will ask the Committee to take action on making a CDP funding recommendation to City Council in its mid-March 2022 meeting. For background context on the CDP role, please review the [CDP request for proposals](#) (RFP).

Overview of proposals received:

The CDP RFP was open from October 19 to November 30. Public information sessions were held via zoom on October 26 and November 9. A total of 11 applications were received.

A review panel consisting of 3 individuals from the Bureau of Planning and Sustainability, the Portland Housing Bureau, and Multnomah County's Office of Emergency Management reviewed and scored all eligible proposals and recommended funding:

- 4 affordable housing providers
 - 5-year installation capacity: 2,300 units
- 4 non-housing community-based organizations
 - 5-year installation capacity: 6,900 units

Affordable housing providers recommended as CDPs represent a mix of organizations that are culturally specific or serving households who are at less than 60% of Area Median Income (AMI). Community based organizations recommended as CDPs reflect culturally specific or culturally responsive organizations¹.

¹ Multnomah County Culturally Specific Workgroup Recommendations, 2015:
<https://multco.us/file/48046/download>

Three organizations were not recommended for funding due to ineligibility and/or scoring panel concerns about their proposed installation approaches and relevant experience. Some of these organizations that were not selected may still play a future role in distributing information to vulnerable Portlanders about the opportunity to receive cooling units.

Defined cost structure:

Based on a review of proposals submitted for the CDP role, staff have defined a uniform cost structure for the CDP role. This supports increased fairness in compensation across CDPs for similar work performed, judicious costs for the program, and efficient management/invoicing of CDPs. Specifically, staff have set two different price points for the delivery and installation of heat pump/cooling units for:

1. All housing providers (HP); and
2. Non-housing community-based organizations (CBOs).

This structure acknowledges the different staffing, ease of installation, logistics and travel differences between the two types of CDPs. The following is a table reflecting the price points and unit allocation for the purposes of budgeting the distribution and installation of 15,000 heat pump/cooling units over a 5-year timeframe in the Heat Response program. The funds allocated for additional services allows targeted resources for the CDPs to increase energy efficiency during the installation of units, and also provide services such as maintenance or wellness checks that lead to better long-term outcomes.

| | Per unit install cost | | Additional CDP Services Budget | Additional Insurance / demand fulfillment contingency |
|------------------------|-----------------------|--------------------|--------------------------------|---|
| | \$250 | \$400 | | |
| Type of CDP | HPs | CBOs | | |
| CDP Split Allocation % | 33% | 67% | | |
| Number of units | 5,000 | 10,000 | | |
| Allocated Cost | \$1,250,000 | \$4,000,000 | \$500,000 | TBD |

Total proposed costs for CDP installation and implementation: **\$5,750,00 (+ TBD additional)**

Summary of rationale for selecting price points:

Through the RFP process, applicants provided PCEF with information about their proposed costs related to their scheduling, pickup, and installation of the heat pump/cooling units into people’s homes. They also provided information about their labor cost and time estimates for the installation services as well as additional services that they might offer.

- For HP applicants, there was general alignment among Housing Providers in cost, centering around **\$250 per unit**.
- For the CBO applicants, there was a large range of proposed costs, with the highest proposed costs x4 than the lowest. Some CBOs also incorporated significant additional

program delivery and staff expenses that were not core to the installation services. In evaluating the range of itemized costs, staff determined that **\$400 per unit** reflected a balance of appropriate staff time and cost structures, while recognizing that CBOs do have higher logistics, travel and installation costs than HPs.

Key take-aways:

We have organizations in the community interested and able to fill the near-term projected availability of units. However, we know there will be a need for additional partners or approaches to deliver and install about 6,000 units in the coming years. Staff and Earth Advantage intend to engage with additional housing providers and CBOs to provide the opportunity to distribute units. Staff recommend that the distribution gap is met by enabling alternative prioritized approaches to distribution.

For the first year, staff will focus on the launch of the Heat Response program with the initial group of CDPs, and seek out partners from Priority 1 organizations. For year 2 and beyond, staff recommend evaluating the existing distribution capacity, and adding additional CDPs who can commit to installing a minimum of 100 cooling units per year, based on the following prioritization:

- Priority 1: Additional nonprofit affordable housing providers
- Priority 2: Additional nonprofit community-based organizations
- Priority 3: For-profit direct installation contractors

Staff suggest providing bi-annual updates for the PCEF Committee, including reporting on the progress of past installations, the forecasted installation capacity, budget expenditures, and impact of the Heat Response program.