

COMMUNITY IS KEY



PCEF Heat Response Program, Community Distribution Partner Funding Allocation

April 27, 2022

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Agenda for today's presentation

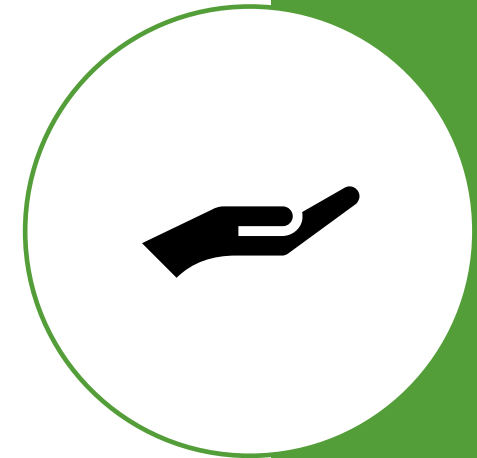
1. Additional grant review process update
2. Program updates and structural improvements workplan and draft concept, addressing:
 - Fund balance
 - Additional program evaluation and learnings to date
 - Audit recommendations
3. Heat response program, Community distribution partner funding allocation (action item):
 - **Ordinance:** Amend the Portland Clean Energy Community Benefits Fund Heat Response, Equipment Purchasing Partner grant to Earth Advantage Inc., with an increase in the amount of \$6,325,000 for the subcontracted services of the Community Distribution Partners (Ordinance, amend Grant Agreement No. 32002637)

1. Additional grant review process

1. Additional grant review process:

Objectives:

1. Support successful project implementation
2. Provide more structured support for new, emerging, and growing organizations
3. Protect the long-term viability of the PCEF program



1. Additional grant review

Steps in draft additional review process for RFP

1. Screen for proposals that meet defined criteria for additional review
2. Identify risks for each proposal selected for additional review
3. Request additional information from organizations selected for additional review
4. Review responses from organizations, characterize risk and advise a path forward
5. Respond to applicant organization indicating whether:
 - (1) the proposal will advance in the scoring process as originally proposed
 - (2) the proposal will require modifications/conditions to advance in the scoring process, or
 - (3) the proposal will not advance in the scoring process.

1. Additional grant review

Step 2: Identify risks

Step 3: Request additional information

Performance risk

- Examples of work that is similar in scope, complexity, and/or size
 - For both organization and lead project staff
 - Including references that can verify work, timelines, budget, and completion

Financial management risk

- Information related to board governance, including:
 - By-laws, meeting minutes, and/or other information that can help staff understand whether there is an active, independent and engaged board with appropriate governance structure/roles and financial oversight. Confirmation may include conversation with board chair and/or treasurer/finance officer.

1. Additional grant review

Step 4: Characterize risk and recommend path forward



A. Recommend proposal advance in the scoring process as originally proposed.



B. Recommend additional risk mitigation measures/adjustments as a condition of advancing in the grant review. This may include:

1. Require firm stage gates in Grant Agreement that include performance and/or financial review before proceeding to next step;
2. Reduce percent of total budget that can be received as an advance payment or prohibit advance payments allowed in Grant Agreement;
3. Require relevant additional third-party oversight for duration of the grant (e.g., owner's rep, third party financial management);
4. Down-scope project and/or modify budget; and/or
5. Shift proposal to a planning grant.



C. Recommend the proposal not advance in the scoring process.

1. This path forward would only be recommended if a significant and documented misrepresentation exists in the proposal.

2. Program updates and structural improvements

2. Program updates and structural improvements

Four goals:

Goal #1:

Identify changes to enable accelerated funding of carbon reduction projects in alignment with ballot measure 26-201

Goal #2:

Draw clearer and more relevant connections between PCEF and the City's carbon reduction goals

Goal #3:

Address staff and committee identified needs

Goal #4:

Address remaining audit recommendations

2. Program updates and structural improvements

Considerations

Goal #1:

Identify changes to enable accelerated funding of carbon reduction projects in alignment with ballot measure 26-201, i.e., climate & community benefit

Explorations include:

- Targeted program solicitations
- Additional program delivery models
 - Program delivery contractors, public sector implementation?
 - Capped/declining public sector funding set aside?
 - Community collaboration approach?
- Increased staff: direct and supporting
- Additional funding areas
 - E.g., transportation decarbonization, capacity building

2. Program updates and structural improvements

Example path ahead

Community initiated projects

Annual solicitation:

- \$40-60M annually
- \$1.5 million average implementation grant size
- 3-year average duration
- 40 grants awarded annually; 120-140 grants in managed portfolio regularly
- 5 project managers @ 25 grants each

Strategic solicitations

Targeted solicitations with RFPs on 5-year interval for programs requiring long-term and ongoing investment:

- Affordable multifamily retrofits/energy upgrades
 - \$200 - 250M, 5 - 10 years
- Tree planting in East PDX
 - \$30 - 50M, 10 years
- Efficiency and resiliency improvements on publicly-owned and community buildings
 - \$30 - 80M, multi-year

Responsive solicitations

Response solicitations on 3 or 4-year interval:

- Responsive to new policy, community priorities
- \$TBD
- Examples include:
 - Transformative community investments
 - Multifamily/commercial building financing incentive

2. Program updates and structural improvements

Steps and timeline

Step	Approx. Dates
Refine scope, options, and draft proposal for accelerated funding and addressing staff/committee findings and recommendations to date.	3/28 – 5/16 7 weeks
Solicit and refine proposal based on targeted early feedback from key stakeholder groups	5/16 – 6/20 5 weeks
PCEF Committee review/approval for public comment	6/20 – 7/18 4 weeks
Public comment period	7/18 – 8/1 2 weeks
Proposal refinement/revision	8/1 – 8/22 3 weeks
PCEF Committee deliberation and recommendation to City Council	8/22 – 9/12 3 weeks

3. Heat response program, Community distribution partner funding allocation

3. Heat response program, Community distribution partner (CDP)

Ordinance: Amend the Portland Clean Energy Community Benefits Fund Heat Response, Equipment Purchasing Partner grant to Earth Advantage Inc., with an increase in the amount of \$6,325,000 for the subcontracted services of the Community Distribution Partners (Ordinance, amend Grant Agreement No. 32002637)

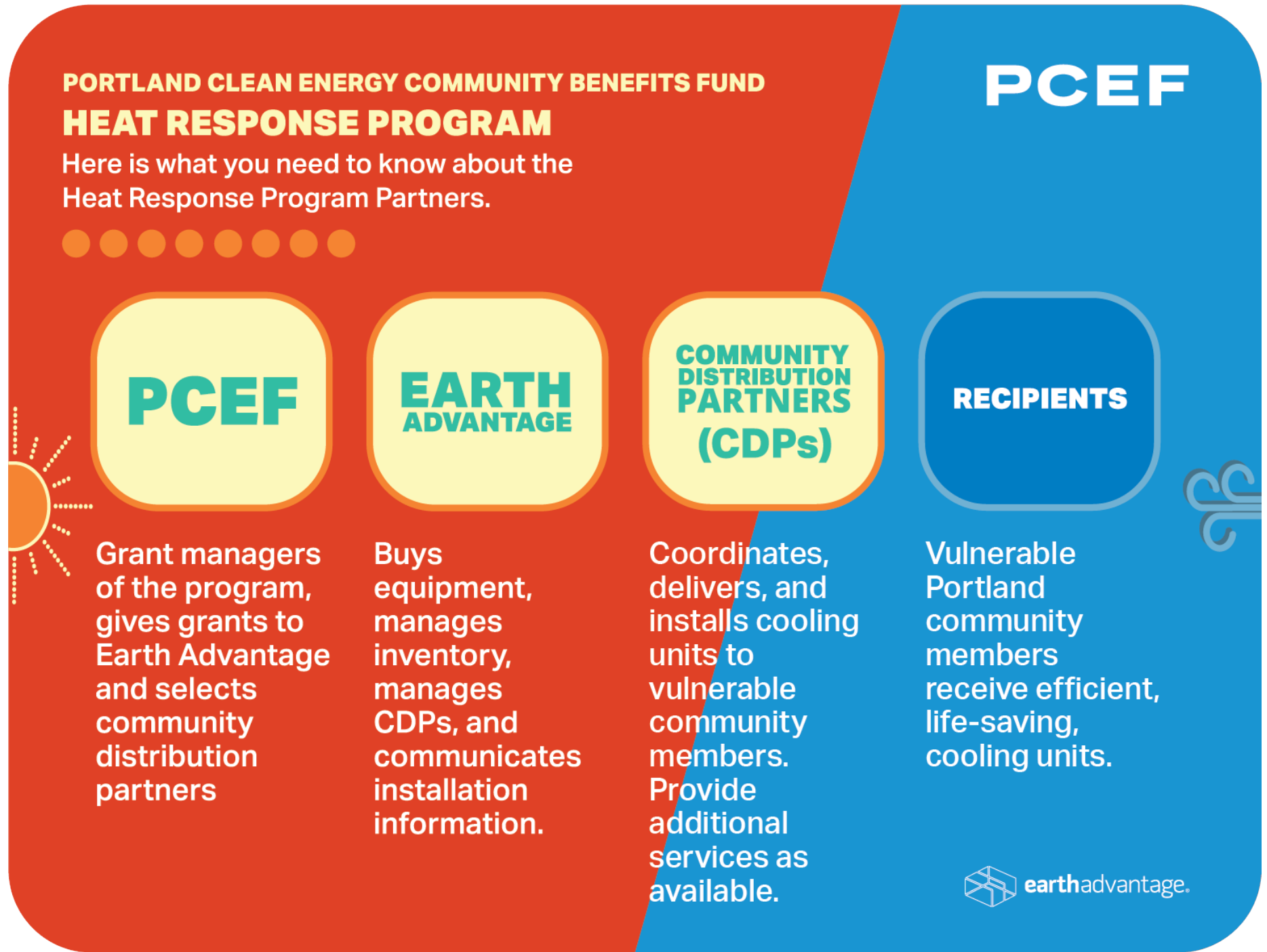
Goals:

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 (BIPOC and low-income people).
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.

3.

Heat response program, CDP

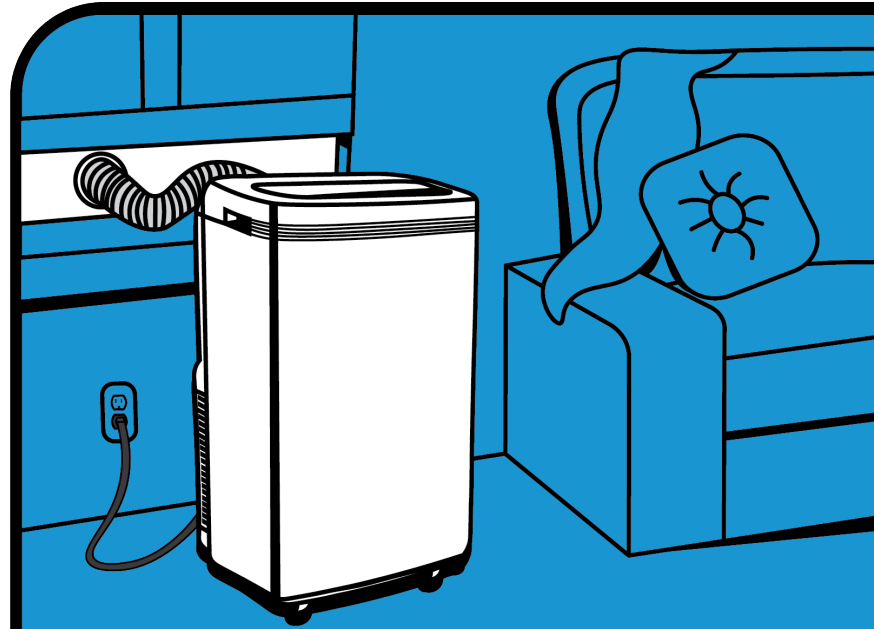
Overview



3.

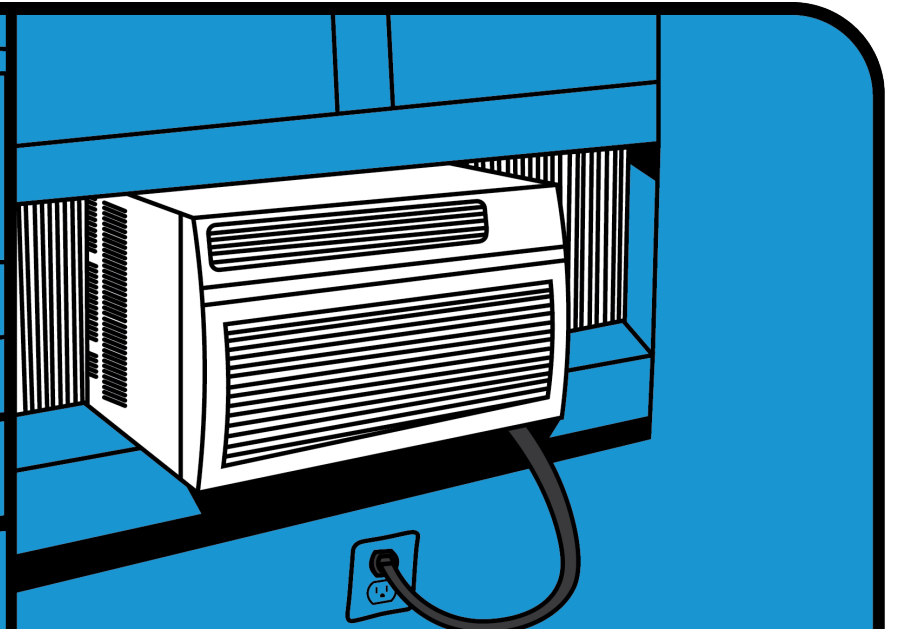
Heat response program, CDP

Update on equipment and progress



HEAT PUMP UNITS | PORTABLE
YEAR 1: 2657 ORDERED


Portable heat pumps or reversible portable air conditioners. They can heat or cool a home, but with the additional advantage of being transportable. You can move them around the house and keep the indoor temperature precisely as you want it.



AIR CONDITIONER UNITS | IN-WINDOW
YEAR 1: 350 ORDERED

A window air conditioner is a single unit used for cooling a home only. This type of AC is mounted or installed in a window and plugs into a traditional electrical outlet.

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3. Heat response program, CDP

Important dates and process

Application window for CDP RFP	October 19 – November 30, 2021
Staff CDP review process and scoring panel recommendation	December 2021 – March 2022
Initial Earth Advantage equipment specification and procurement	January - March 2022
PCEF Committee approval of CDP selection	April 7, 2022
City Council hearing on CDP selection	Today: April 27, 2022
Anticipated initial equipment distribution	June 2022

3. Heat response program, CDP

First cohort of community distribution partners

Organization name	Geographic or demographic focus	# of units
Central City Concern	8 low-income multifamily properties located in all quadrants of Portland.	676
Northwest Housing Alternatives	12 multifamily buildings throughout Portland.	400
Portland Community Reinvestment Initiatives (PCRI)	Single family and multifamily housing rental properties, primarily in N and NE Portland.	1,000
REACH CDC	Focus on serving low-income senior and disabled homeowners throughout Portland.	250
African American Alliance for Homeownership	Service to households in their network throughout Portland	800
Asian Pacific American Network of Oregon (APANO)	Focus on serving elderly, people with disabilities, and immigrant populations, largely in East Portland.	1,250
Verde	Focus on low-income NE Portland households, and mobile homes throughout Portland.	3,450
	TOTAL Initial CDP Cohort Distribution Capacity	7,826

3. Heat response program, CDP

Future CDP capacity approach

The PCEF Heat Response Program intends to launch with the initial cohort of seven CDPs.

In the first year, PCEF staff will seek out additional housing providers for distribution, and there will be a need for more capacity to install approximately 15,000 units over 5 years. Moving into future years, PCEF Staff and Earth Advantage intend to engage with additional housing providers and CBOs to provide the opportunity to distribute units.

- Priority 1: Additional nonprofit affordable housing providers
- Priority 2: Additional nonprofit community-based organizations
- Priority 3: Community health organizations
- Priority 4: For-profit direct installation contractors



3. Heat response program, CDP

Pricing approach and budget

	Per unit install cost			
	\$250	\$400		
Type of CDP	HPs	CBOs	Additional CDP Services Budget	10% project contingency set aside
CDP Split Allocation %	33%	67%		
Number of units	5,000	10,000		
Allocated Cost	\$1,250,000	\$4,000,000	\$500,000	\$575,000
Total proposed costs for CDP installation and implementation: \$6,325,000				

3. Heat response program, CDP

Program budget allocations

COST BREAKDOWN FOR THE PCEF HEAT RESPONSE PROGRAM					
EXISTING	EXISTING	AMENDMENT	AMENDMENT	AMENDMENT	TOTAL
Equipment Purchasing	Earth Advantage EPP Management Role	CDP Roles (Cooling Unit Installations)	Additional CDP services (Energy Efficiency upgrades, check-ins, etc.)	Heat Response Program Contingency	5-Year Heat Response Program Implementation Costs
\$7 M	\$3.02 M	\$5.25 M	\$0.5 M	\$0.575 M	\$16.35 M
Existing Grant Agreement = \$10,020,289 Amendment = \$6,325,000					



3. Heat response program, Community distribution partners

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Recent past and upcoming PCEF-related Council items:

- **January 2022:** Ordinance to select and allocate funding to Earth Advantage for the PCEF Equipment purchasing partner role in the Heat Response Program for equipment procurement, logistics, and program management.
- **Summer 2022:** Ordinance to approve PCEF RFP #2 awards
- **Fall 2022:** PCEF program updates and structural improvement recommendations

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