



Bureau of Planning and Sustainability

Date: November 9, 2021
To: Portland Clean Energy Fund Committee
From: PCEF Staff
Subject: PCEF heat response grant program, equipment purchasing partner RFP recommendation

On October 6, 2021, following deliberations between July 2021 and October 2021, the Portland Clean Energy Fund (PCEF) Committee, approved the creation of the [PCEF Heat Response Grant Program](#). As part of the program, staff released two requests for proposals (RFPs) for an Equipment Purchasing Partner (EPP) and Community Distribution Partners (CDPs), on October 13 and 19, respectively. The following memo provides an overview of proposals received, proposal scores, and the staff recommendation for the Equipment Purchasing Partner role whose application period closed on October 27. The application period for CDPs closes on November 30. Staff expect to bring recommendations to the Committee for the CDP role in December 2021/January 2022.

PCEF heat response program 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.

Process:

The [Equipment Purchasing Partner RFP](#) was open for two weeks from October 13 – 27. The compressed timeframe was driven by the need to have a partner recommended by the PCEF Committee and approved by City Council by mid-November to begin sourcing portable heat pump/cooling units for initial distribution beginning in spring 2022. A public information session was held via zoom on October 19, and responses to questions were posted online on October 22.

Two applications were received, from Diversifying Energy and Earth Advantage, and subsequently reviewed by a majority Black and majority woman panel from the following teams in the Bureau of Planning & Sustainability:

- PCEF (1 staff member)
- Equity and community engagement (1 staff member)
- Smart cities (1 staff member)

The scoring panel met on November 1, discussed their initial perspectives on the proposals and identified critical clarifying questions for the applicants. As one proposal had a budget far outside the projected range, staff also developed explicit not-to-exceed budget guidance of \$3 million. Both the budget guidance and clarifying questions were sent to applicants on November 2. Applicants were given until November 5th to answer clarifying questions and to, if needed, modify their proposal to meet the budget guidance. Both applicants provided responses to the questions, with Diversifying Energy modifying their budget and proposal.

Proposal evaluation criteria:

The following proposal evaluation criteria were approved by the PCEF Committee on October 6 and used to evaluate the two applications received.

| Section | Key Elements of Criteria | Points |
|---|--|------------------|
| Project team, management, and capability | <ul style="list-style-type: none"> • Key personnel and experience (20 points) • Project management and partnership engagement approach (10 points) • Track record of key staff in managing similar programs (5 points) | 35 Points |
| Project approach and technical understanding | <ul style="list-style-type: none"> • Proposed timeline of equipment delivery and approach to procurement (20 points) • Database, logistics, and customer tracking approach (10 points) • Approach to equipment selection (5 points) | 35 Points |
| Workforce diversity and hiring approach | <ul style="list-style-type: none"> • Nonprofit staff and leadership reflects PCEF priority populations (5 points) • New staff hiring/subcontractor approach furthers goals of PCEF in workforce (10 points) | 15 Points |
| Cost | <ul style="list-style-type: none"> • Annual cost projections for administering 5 years of equipment purchasing/logistics and project management, and engagement with Distribution Partners (15 points) | 15 Points |

Proposal summary, scores, and recommendation:

Below is a summary of each proposal, average review panel scores, and the staff recommendation.

Diversifying Energy proposal summary:

- Diversifying Energy is a Portland-based non-profit that proposed an approach to the EPP role in collaboration with two partner organizations playing key roles. The staffing proposal for Diversifying Energy includes a total of 5 FTE in the following roles, as well as two part-time volunteer positions:
 - 2.5 FTE directly employed by the nonprofit for project and contract management, CDP coordination, training, and administration.
 - 2.0 FTE from Franklin Energy for equipment selection and technical support, coordination with equipment manufacturers, procurement, inventory software and database management.
 - 0.5 FTE from Dragonfly Consulting for project logistics and consulting on overall project management. They are a COBID-certified firm as an Emerging Small Business and Woman Business Enterprise.
- The proposal outlined the various roles for different partners in a matrix, and highlighted the experience of their team members in delivery of energy upgrade programs in CA and OR, low-income weatherization and direct install programs in CA, community based organization relationship management, and IT implementation.
- The project team proposed a procurement approach using existing relationships with equipment manufacturers through their partner Franklin Energy. They provided names of a number of potential manufacturers, and proposed development of a scoring rubric for equipment selection. Cost savings related to bulk purchase of units was estimated at 20-25 percent.
- The team proposed implementing its distribution over a period of three years. The model includes securing a centralized ~8,000 square foot warehouse in North Portland for storage and distribution of cooling units for the first year only (this expense was included in the cost estimate). CDPs would access the units by submitting a request through a software platform, the EPP staff or volunteers would pull the unit types and quantities and then hold for pickup.
- The project team proposed using Franklin Energy's NGAGE platform to receive and track inventory. All project data would be tracked in Efficiency Manager, Franklin Energy's cloud-hosted project management system, built on the Salesforce CRM platform.
- Diversifying Energy stated that their staff of 3 people are all BIPOC. The board is 80% BIPOC and 40% come from low-income backgrounds. They noted their work in facilitating career fairs and webinars, outreach at Oregon colleges to seek out diverse students, and membership and advocacy in the American Association of Blacks in Energy.

Approximately 25% of subcontracted funds are proposed to flow to COBID-certified firms.

- The proposed 3-year cost of delivering the services for PCEF Heat Response EPP role was \$3.17 million total, not including the equipment costs. This exceeded the guidance amount, and a 5-year cost was not provided.

Earth Advantage proposal summary:

- Earth Advantage is a Portland-based non-profit that proposed a project team of primarily internal staff, with partners filling a couple roles. The staffing proposal for the Earth Advantage team includes a total of 3.2 – 6.0 FTE in the following roles:
 - 1.2 – 4.0 FTE (ramping up from the first two quarters of launch to the first year) directly employed by the nonprofit for organizational & financial management, invoicing & CDP contracting, equipment specifications, launch & distribution logistics, and CBO relationship management.
 - 2.0 FTE from Reliable Service People Inc for warehousing services, as needed seasonally. They are a COBID-certified firm as an Emerging Small Business.
 - \$4k – \$10k annually for Salesforce consulting services.
- The proposal outlined the roles for staff and partners in an organizational chart; provided a GANTT chart detailing timeline; and highlighted the experience of their team in delivery of Earth Advantage energy education & technical training courses, the Portland Home Energy Score program and related customer relationship management (CRM) software, management of Energy Trust multifamily programs with direct install measures, and quality assurance oversight.
- The project team proposed working with 2-3 distributors and 2-3 manufacturers to procure the units. They provided a table and spreadsheet of possible equipment, evaluated for efficiency, performance features, and retail cost. Cost savings related to bulk purchase of units was estimated at 10-20 percent.
- The team proposed a distribution approach focused on CDP staff picking up units from local distributors that Earth Advantage identified, with some units drop-shipped directly to CDPs that have capacity to unload. They also included a contingency for storing and distributing up to half of the units on a seasonal basis using a firm providing warehousing services in East Portland. This expense was included in the cost estimate.
- The project team proposed building out new functionality onto their existing Salesforce CRM to meet the needs of this program. CDPs would enter data into a portal called GoFormz for each address, which when submitted, automatically enter the data into Salesforce. The GoFormz form would include photographs used for verification of equipment installation.
- Earth Advantage stated that their staff of 28 people is 85% white. Specific percentages of board demographics were not provided. They noted their work in training historically underserved students through CBOs, advertising job postings with racially diverse

community organizations, and initiating a new energy efficiency apprenticeship program. Approximately 33% of subcontracted funds are proposed to flow to COBID-certified firms.

- The proposed 5-year cost of delivering the services for PCEF Heat Response EPP roles was \$2.9 million total, not including the equipment costs.

Proposal scores:

| Section | Total Points Possible | Diversifying Energy | Earth Advantage |
|--|------------------------------|----------------------------|------------------------|
| Project team, management, and capability | 35 | 29.67 | 25.00 |
| Project approach and technical understanding | 35 | 27.67 | 29.00 |
| Workforce diversity and hiring approach | 15 | 12.67 | 8.33 |
| Cost | 15 | 8.33 | 14.00 |
| Total points | 100 | 78.33 | 76.33 |

Staff recommendation:

Staff recommends selecting Earth Advantage as the Equipment Purchasing Partner.

The review panel scores were numerically close enough to be a virtual tie and there were different elements of strength in each of the project proposals. However, after discussion and deliberation about the benefits and risks of each approach, along with the budget and timeline considerations, Earth Advantage’s proposal was recommended for selection. The following strengths of the Earth Advantage proposal impact the staff recommendation:

- Delivery of all required elements of the EPP role within budget, and over 5-year term with a clear path towards program buildout.
- Multiple procurement paths mitigating risk of single vendor/distributor relationship.
- Staff capacity to serve multiple roles in startup phase, followed by transition to full-time implementation staffing with articulated roles for engaging both affordable housing distribution partners and community organization distribution partners.
- Distribution approach that minimizes the need for additional infrastructure investments.

While the Diversifying Energy proposal was strong in many aspects, there was considerable uncertainty around the timeline and cost. Specifically:

- The timeline and needs will be heavily impacted by both the ability to procure equipment in a timely manner and the capacity of CDPs to install units. Affordable housing providers that serve as CDPs likely will have the ability to install a significant number of cooling units in the near term, however it will likely take more time for

community-based organizations to reach priority households that are not served by affordable housing providers. There is an equal possibility that distribution could take as long as 5 years as there is a possibility it could take 3 years. In a situation where distribution takes 5 years, Diversifying Energy's annual budget of ~\$930,000 (based on year 3) could increase the costs significantly. As proposed, the 3-year budget exceeded the guidance that staff established for the 5-year program budget.

- The focus on a one-year warehousing approach and related infrastructure did not adequately describe the transition to a longer-term distribution pathway for years 2 and 3, and/or how that would be successfully deployed. The proposal envisioned procuring entire shipping containers of products with the same specifications, requiring significant space planning and coordination, and potentially presenting challenges related to pricing and logistics that may depend on warehouse space.

Draft Committee proposal language:

The Committee recommends the funding of Earth Advantage for the role of the Equipment Purchasing Partner with an administrative budget not to exceed \$3 million over a 5-year term, and an equipment purchasing budget not to exceed \$7 million over a 5-year term.

Note that the Equipment Purchasing Partner will be responsible for contracting with Community Distribution Partners. Therefore, additional funds related to contract payments to selected Community Distribution Partners will be supplemental to this amount. Additionally, if there are more than 20 CDPs selected, it will be necessary to amend the grant agreement with the Equipment Purchasing Partner to accommodate the additional contracting work.