



Bureau of Planning and Sustainability

Date: December 27, 2021
To: Portland City Council
From: PCEF Staff
Subject: PCEF heat response program, equipment purchasing partner grant

Background:

Over the course of several days in June 2021, over 100 Oregonians lost their lives to extreme temperatures, with over 60 lives lost in Multnomah County. This heat wave was one of the deadliest documented natural disasters in Multnomah County's history¹.

The extreme heat events of June 2021 are consistent with the worst-case climate modeling for the Pacific Northwest. In response, the PCEF Committee approved the creation of the Heat Response Program, a 5-year effort to distribute 15,000 portable heat pump/cooling units to [PCEF priority populations](#), prioritizing those with the greatest heat related risk. The program solicited proposals from nonprofit partners to play one of two roles:

1. A single Equipment Purchasing Partner (EPP) to coordinate the centralized purchase 15,000 portable heat pump/cooling units, coordinate equipment delivery to contracted community distribution partners, and provide logistics and technical assistance.
2. 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.

Of the two roles, the selection of the EPP, through a request for proposals (RFP), advanced on an accelerated timeline due to the need to begin sourcing portable heat pump/cooling units immediately for initial distribution beginning in spring 2022.

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. Details on the Committee process, RFP review process, and the original recommendation can be found in Exhibit A for Ordinance No. 190618 linked [here](#).

On December 12, 2021, The Oregonian/ OregonLive published 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 Executive Director's history of financial crimes and tax liens.

¹ For additional context, review [Multnomah County's Preliminary Review on Excessive Heat Deaths](#).

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.

Earth Advantage Proposal Summary:

Note: the following summary of Earth Advantage's proposal reflects information and roles updated via budget addendum provided after the original proposal submission. Staff worked to ensure the updated proposal is reasonable as compared with the original budget and scope submission.

- Earth Advantage is a Portland-based non-profit that proposed an approach to the EPP role with existing Earth Advantage staff playing key roles in launch as well as hiring of new employees to fill roles on an ongoing basis. Additionally, there are consultant and contracting needs defined in designing and building out the programmatic infrastructure of the Heat Response Program. During the first launch year, the staffing proposal for Earth Advantage includes:
 - 13 Earth Advantage staff comprising 5.02 FTE in the following roles:
 - Key roles for Project Manager, Project Coordinators for multi-family and single-family properties, and an Administrative Coordinator
 - Supplemental roles for Executive Director, Accountant, Managing Director, and technical staff supporting the launch
 - Consultants brought on for specific elements of the program launch, in the following roles:
 - Salesforce Consultant
 - Communications Consultant
 - Launch Consultant
- Staffing reduces slightly in years 2-5, as full time Earth Advantage staff replace some of the launch- related staff.
- The proposal highlighted the experience of Earth Advantage and their team members in delivery of complex programs, including launch and quality assurance in the Portland Home Energy Score program, management of Enhabit Smart Thermostat program, and Energy Trust of Oregon direct install programs. They also highlighted their experience

working in partnership with affordable housing providers. PCEF staff were able to verify all these experiences and skills through reference checks.

- The project team proposed a procurement approach using a number of regional vendors who are wholesalers or retailers of heating / cooling equipment. Earth Advantage provided a spreadsheet of potential manufacturers and product models, features, and energy consumption. Cost savings related to bulk purchase of units was estimated at 20 percent compared to retail prices, though uncertainties related to market forces were noted.
- The team will implement its distribution over a period of five years. The distribution model includes pickup from a number of vendor warehouses located in East Portland and near the downtown core. If needed for inventory management, a contingency was included for temporary storage of heat pump / cooling units at a warehouse in the Central Eastside.
- The project team will use a Salesforce -based Customer Relationship Management (CRM) platform to track inventory and distribution. Each CDP will enter information through a customized platform, receive training and a software license for the usage of that platform.
- The proposed 5-year cost of delivering the services for PCEF Heat Response EPP role was \$3,020,289 total, excluding equipment costs.

Simplified budget tables:

The following table reflects the total allocation of 5-year costs of Earth Advantage delivering the services required of the Equipment Purchasing Partner (EPP) role and coordinating with up to 20 Community Distribution Partners (CDPs), as a not-to-exceed amount.

Direct personnel labor	\$ 2,229,624
Travel	\$ 9,600
Equipment, supplies, and materials	\$ 64,800
Contracted work	\$ 216,000
Other (Allowance for inventory line of credit))	\$ 23,000
Overhead	\$ 477,265
Total EPP Role	\$ 3,020,289

The following table reflects the combined not-to-exceed costs of the EPP role and the budget allocation to purchase portable heat pump/ cooling units and air filtration equipment.

Equipment Purchasing Partner Role	\$ 3,020,289
Equipment Budget	\$ 7,000,000
Total	\$ 10,020,289