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191728

Ordinance

Authorize competitive solicitation for Portland Clean Energy Community Benefits Fund Climate Investment Plan Strategic Program 3: Clean energy improvements in single-family homes not to exceed \$140 million over five years

Passed

The City of Portland ordains:

Section 1. The Council finds:

1. The Bureau of Planning and Sustainability (BPS) shapes Portland's future and advances climate protection for a more prosperous, healthy, equitable, and resilient city now and for future generations.
2. To meet Portland's climate action goals, there is an urgent need to fund and accelerate greenhouse gas (GHG) emissions reductions and sequestration, especially within low-income communities and communities of color.
3. In November 2018, Portland voters created the Portland Clean Energy Community Benefits Fund (PCEF) program, which invests in community-originated climate action projects that advance racial and social justice (Ballot Measure 26-201). City Council codified non-taxation elements of Ballot Measure 26-201 in Portland City Code Chapter 7.07.
4. The purpose of PCEF is to provide a consistent, long-term funding source and oversight structure to invest in climate action projects that align with Portland's climate action goals and that support environmental justice and environmental, social, and economic benefits for all Portlanders, including the development of a diverse and well-trained workforce and contractor pool to perform work that reduces or sequesters GHGs.
5. In 2020, City Council declared that a human-made climate emergency threatens our city, our region, our state, our nation, humanity, and the natural world, and that such an emergency calls for an immediate mobilization effort initiating greater action, resources, and collaboration that prioritizes frontline communities to restore a safe

Introduced by

[Commissioner Carmen Rubio](#)

Bureau

[Planning and Sustainability \(BPS\)](#)

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Requested Agenda Type

Regular

Date and Time Information

Requested Council Date

May 22, 2024


- climate (Resolution No. 37494, as amended "Climate Emergency Declaration").
6. In its Climate Emergency Declaration, City Council also resolved to advance climate justice and climate action initiatives that are led by the community, especially frontline communities and youth from frontline communities, and accelerate investments in projects that benefit these communities in ways that are restorative, reparative, and build present and future well-being and wealth.
 7. In July 2022, City Council adopted the Climate Emergency Workplan to implement its Climate Emergency Declaration (Resolution No. 37585).
 8. In October 2022, City Council amended the PCEF code to strengthen and streamline the PCEF program. The amendment broadened eligible funding recipients and funding areas and required the development of a five-year Climate Investment Plan (CIP) to direct PCEF's investments (Ordinance No. 191046, the CIP is defined in PCC 7.07.030(D)).
 9. The CIP outlines PCEF's planned investments to ensure funding decisions will have a lasting impact on Portland's GHG emissions and frontline communities.
 10. From December 2022 through July 2023, BPS staff worked with the PCEF Committee to develop the inaugural CIP. Development involved extensive community outreach, public workshops, and focused roundtable sessions to gather input from subject matter experts and community members. BPS staff received over 1,000 unique comments across the community visioning and public comment periods.
 11. The CIP guides investment of \$750 million between 2023 and 2028. The CIP serves to outline performance measures and goals, educate community members, and provide certainty to businesses, nonprofit organizations, government, and residents who are critical to PCEF's success. It includes 16 strategic programs, the Tree Canopy Maintenance Reserve, and allocations for community responsive grants in accordance with PCC Chapter 7.07. The CIP supports actions identified in the Climate Emergency Workplan.
 12. An ECONorthwest study commissioned by PCEF found that completing all clean energy and green infrastructure projects benefiting PCEF priority populations would require approximately \$18 billion and take over 120 years. ECONorthwest concluded it would cost approximately \$49 billion to complete all clean energy and green infrastructure projects identified in the study.
 13. On July 20, 2023, the PCEF Committee unanimously recommended the CIP to City Council for adoption. On September 27, 2023, City Council adopted the CIP, Ordinance No. 191463, to fund 16 strategic programs and the Community Responsive Grant program.
 14. In 2021, emissions from residential buildings were estimated to be 1,190,000 metric tons (MT) carbon dioxide equivalent (CO₂e). More than half of residential units in the city of Portland are single-family homes.
 15. Approximately 42,000 of these single-family houses are occupied by homeowners with income at or below 80% of area median income,

- which accounts for 29% of all homeowner households.
16. Homes occupied by Portlanders with low income are more likely to be older, suffer from deterioration due to deferred maintenance, be energy inefficient, more costly to operate, and potentially uncomfortable and unhealthy.
 17. Clean energy improvements in households with low income will reduce energy usage, lowering costs for residents, supporting housing stability, and reducing GHG emissions.
 18. Implementing whole home energy retrofits and single-measure heat pump installation are specialized skills which require training beyond what is currently required in the residential construction sector. Building these skills in the local workforce will help ensure residential energy efficiency retrofits result in GHG emissions reduction and occupant safety.

NOW, THEREFORE, the Council directs:

- A. The Chief Procurement Officer is authorized to perform one or more competitive solicitations in accordance with Portland City Code 5.33 for the purchase of services to administer and oversee Strategic Program 3: Clean Energy in Single-Family Homes.
- B. Upon Council acceptance of the Chief Procurement Officer's Report, Procurement Services is authorized to negotiate and execute one or more contracts for a cumulative amount not to exceed \$140 million for five years, provided each contract has been approved as to form by the City Attorney's Office.
- C. The Mayor and Auditor are hereby authorized to pay for the contracts from revenue generated by PCEF's Clean Energy Surcharge.

Documents and Exhibits

 [Supplemental Information: Scopes of work for Central Administrator, Customer Navigator Program, and Quality Assurance Providers](https://www.portland.gov/sites/default/files/council-documents/2024/exhibit1_pcef_sp3.pdf) 278.35 KB
(https://www.portland.gov/sites/default/files/council-documents/2024/exhibit1_pcef_sp3.pdf)

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council
May 22, 2024

Auditor of the City of Portland
Simone Rede

Impact Statement

Purpose of Proposed Legislation and Background Information

Portland voters passed the Portland Clean Energy Community Benefits Fund (PCEF) in November 2018.

The purpose of PCEF is to provide a consistent, long-term funding source and oversight structure to invest in climate action projects, in alignment with the City's climate action goals, that support environmental justice and environmental, social, and economic benefits for all Portlanders, including the development of a diverse and well-trained workforce and contractor pool to perform work that reduces or sequesters greenhouse gases (GHGs).

In October 2022, City Council amended the PCEF code to strengthen and streamline the PCEF program. The amendment required the development of a five-year Climate Investment Plan (CIP) to direct PCEF's investments. Council adopted the inaugural CIP on September 27, 2023, allocating \$750 million through Ordinance #19143 to fund 16 strategic programs and the Community Responsive Grant program.

All programs in the CIP are evaluated with PCEF's equity + climate framework, which considers benefits to frontline communities, community leadership, implementation feasibility, GHG emissions reductions, and accountability.

Strategic Program 3: Clean energy improvements in single-family homes (SP 3) is one of 16 strategic programs in the CIP. The program will provide energy upgrades in 3,100 homes over five years. It is designed to assist low- and moderate-income homeowners, as well as low-income renters residing in single-family homes, duplexes, triplexes, and quadplexes. Additionally, it will serve qualifying occupants of condominiums, in-home childcare centers, and congregate housing.

The purpose of this legislation is to authorize a competitive solicitation(s) to implement SP 3 as it was approved in the CIP.

This legislation will authorize the solicitation of a **Central Administrator** responsible for managing the program's operations and administration. Key functional areas comprise outreach and marketing, data management and reporting, customer qualification, financial management, payment disbursements, and program conflict resolution. The central program administrator will additionally be tasked with recruiting and managing contractors, offering technical training, and providing ongoing support to ensure compliance with program requirements.

The legislation will also authorize the solicitation of **Quality Assurance Providers** and a **Customer Navigator Program**. The Quality Assurance Providers will conduct scope reviews and project verification to help ensure that installations adhere to the PCEF's home energy retrofit requirements. The Customer Navigator Program will provide culturally specific outreach,

customer education on the home energy retrofit process and program requirements, and support for program customers during home construction projects.

SP 3 goals include clean energy improvements in 3,100 single-family households including 50 in-home childcare or congregate-living residences, resulting in 120,000 - 150,000 MT lifetime CO₂e emission reduced. Detailed goals are as follows:

- 30% average energy usage reduction in 1,500 low-income, owner-occupied homes.
- 20% average energy usage reduction in 600 moderate income (81-120% AMI), owner-occupied homes.
- 20% average energy usage reduction in 450 moderate income (121-150% AMI), owner-occupied homes with a 50% match requirement.
- 15% average energy usage reduction in 500 low-income, renter-occupied homes. To reduce the risk of displacement, allowable measures will have high energy savings value and low rental market value.
- 350-400 workers trained on green building and equipment installation.
- 5,000 hours of building science technical mentorship for contractors and workers.
- Equipment provided for 15-25 contractors entering or expanding in building clean energy work.
- Retention grants for up to 80 new workers.

SP 3 will leverage existing and projected additional funding sources focused on climate action, including from Energy Trust of Oregon, Oregon Department of Energy, utilities, and federal incentives. Coordination with these programs will bring maximum benefit to Portlanders, lower emissions, and make our communities more energy efficient and climate resilient. The design and framework of this program is in strong alignment with City goals outlined in the Climate Emergency Workplan, the 100% Renewable Energy resolution, Prosper Portland's Advance Portland, as well as State of Oregon goals for 100% Clean Energy.

Financial and Budgetary Impacts

The \$140 million five-year budget for SP 3 is a portion of the \$750 million Portland Clean Energy Community Benefits Fund's 2023 Climate Investment Plan approved in September 2023, Ordinance #19143. This funding is secured from the collection of the Clean Energy Surcharge by the Portland Revenue Bureau, as authorized in PCC Chapter 7.07.035. The amount is inclusive of revenue already collected as well as projected revenues generated during the FY 2023-2028 period.

Request for proposals (RFP) for contracted roles in SP 3 will be coordinated in partnership with Procurement Services staff from Office of Management and Finance. The Bureau of Planning and Sustainability (BPS) staff will

administer the implementation of the program with existing authorized and budgeted positions.

Private nonprofit and for-profit organizations and other government entities are eligible applicants. The form of contract resulting from the solicitation may be a contract, an Interagency Agreement (IAA), an Intergovernmental Agreement (IGA), or a combination of these, depending on successful bidders.

This ordinance does not result in any changes in current or future revenues.

Community Impacts and Community Involvement

SP 3 is responsive to community needs, informed by significant community input, and includes evaluation of disparities in past programs focused on climate action. An equity + climate framework was used in evaluating strategic program opportunities, ensuring that the following values were elevated in design and implementation:

- **Benefits to frontline communities.** Will the program create clear, significant, and measurable benefit to frontline communities?
- **Community leadership.** Are there meaningful opportunities for community members to participate in decision making and/or provide leadership in program implementation? Does the program invest in building capacity within communities most impacted?
- **Implementation feasibility.** Can the program be realistically implemented at scale with existing City staff, partners, or contractors over five years?
- **Climate impact: GHG reductions.** Will the program result in meaningful and measurable GHG reductions/sequestration?
- **Accountability.** Do accountability mechanisms exist to ensure that communities of color, low-income populations, people with disabilities, and other vulnerable communities benefit from the strategic program? Is this program additional to existing or planned efforts?

The development and refinement of SP 3 reflects hundreds of hours of staff and community members' time spent in visioning sessions, roundtable discussions, public input events, and info sessions. Community members and subject matter experts, including contractors, PCEF grantees, small business owners and City bureau staff, provided input to the development of the program.

SP 3 will make energy-related improvements in the homes of over 3,000 Portland households, reducing their energy use and making their dwellings healthier, more comfortable, and affordable. Health and safety improvements required due to long-term deferred maintenance may be included, reducing a common barrier for low-income household

participation in energy efficiency programs and supporting housing stability.

Low-income Portlanders are prioritized throughout the program, with strategies to ensure that benefits go to historically under-resourced communities that have not previously benefited from climate action opportunities.

Customer service navigators will ensure that low-income Portlanders participating in the program are supported in overcoming traditional barriers to their participation in climate programs and will provide culturally specific education to ensure ongoing energy usage reduction and occupant comfort and safety.

Quality assurance providers will ensure high quality work that reduces greenhouse gas emissions and protects health and safety of housing occupants.

The workforce and contractor goals of SP 3 are intended to grow and diversify the number of workers and businesses that provide goods and services that reduce GHGs with a focus on populations that have been historically marginalized in the workforce. Workforce funding within this strategic program will specifically focus on building science principles to ensure program participants receive high quality work, healthy homes and energy use reduction.

100% Renewable Goal

Housing makes up 17% energy usage in the city of Portland, more than half of all homes are single-family homes. Energy efficiency upgrades will reduce overall energy usage an average of 15-30%, reducing carbon through reductions in both natural gas and electric use.

SP 3 will help Portland residents reduce energy use, in direct support of the City's 100% renewable energy goal. It will provide resources for energy efficiency improvements in single-family residential homes throughout the city, with additional opportunities for on-site solar generation.

These investments will result in lowering community-wide electricity use, which helps reduce demand on the grid, provides greater systemwide resilience, and lowers peak loads for utilities that are making their own investments towards a 100% emissions-free system. In addition to direct energy use reduction and renewable generation, the program will assist with addressing deferred maintenance in low-income households, preserving housing and deferring new development and the materials and carbon associated with new construction.

The CIP goals and investments related to workforce and contractor development are also strongly aligned with the 100% renewable goals related to prioritizing resources to train and hire people historically

underrepresented and marginalized in the renewable energy and energy efficiency field, such as people of color and women.

Budget Office Financial Impact Analysis

The resources for this solicitation come from the PCEF Climate Investment Plan, priority #3 which is “clean energy improvements in single-family homes not to exceed \$150 million over five years.” Funding comes from the Clean Energy Surcharge by the Portland Revenue Bureau as authorized in PCC Chapter 7.07.035. Much of this revenue has already been collected, but includes projected revenues generated through FY 2024-2028.

Agenda Items

392 Time Certain in [May 15-16, 2024 Council Agenda](https://www.portland.gov/council/agenda/2024/5/15)
(<https://www.portland.gov/council/agenda/2024/5/15>)

Passed to second reading

Passed to second reading May 22, 2024 at 9:30 a.m.

419 in [May 22, 2024 Council Agenda](https://www.portland.gov/council/agenda/2024/5/22)
(<https://www.portland.gov/council/agenda/2024/5/22>)

Passed

Commissioner Dan Ryan Yea

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Mayor Ted Wheeler Yea