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Opinion

Editorial: Cleaning up a Portland Clean Energy Fund mess

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Portland City Hall is on the National Register of Historic Places. Michelle Brence/Staff (file)



By The Oregonian Editorial Board

Portland Clean Energy Community Benefits Fund officials came up with a home run of an idea: Devote some of the proceeds from the city's new clean-energy tax to buy and install heating and cooling units for 15,000 homes. Not only would it produce the kind of energy-efficient improvements that the fund was created to do, but it would directly address some of the inequities contributing to the horrifying deaths that occurred in last summer's suffocating heat wave.

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Unfortunately, the fund followed up that home run with an all-out whiff. Based on the recommendation of the fund's grants committee, the Portland City Council earlier this month authorized an \$11.5 million agreement with a new Portland nonprofit, Diversifying Energy, to purchase the units and work with community organizations to distribute them. But city staffers failed to conduct due diligence that should have revealed the criminal history and questionable resume of Diversifying Energy's founder, Linda Woodley. In fact, it wasn't until [The Oregonian/OregonLive's Shane Dixon Kavanaugh examined Woodley's background](#) and purported experience that the city learned of her past convictions for tax fraud and bankruptcy fraud and multiple liens filed for unpaid taxes, including one earlier this year. In addition, Kavanaugh found that Woodley's claims of having managed a large energy upgrade project in California did not check out with those running the program.



Such poor vetting of the largest grant that the young program has ever awarded should trigger immediate changes. To the city's credit, once Kavanaugh's story was published, staffers acted quickly to verify Kavanaugh's findings and explore options. Last Friday, the city announced it would rescind the agreement and instead work with rival bidder Earth Advantage to buy the heating and cooling units and oversee distribution. And Clean Energy Fund Program Manager Sam Baraso said the program is now exploring how to strengthen its processes.

Those are encouraging developments to come out of such a major stumble for the fledgling program. But the fund, the Bureau of Planning and Sustainability and Commissioner Carmen Rubio, who oversees the bureau, must follow through with changes that show their commitment to responsibly manage the public's money. Revamping due diligence processes to capture a true picture of a recipient's qualifications and background is particularly urgent considering the city expects to award about \$100 million in new clean energy grants by the end of 2022.

The current process is disturbingly weak. While city staffers dive into the specifics of a proposal, they don't do much background checking beyond ensuring that a nonprofit is properly registered and is tax-exempt. They also ask the applicant to "affirm" that the organization does not have any tax liens and will obtain insurance. Staff members may review the organization's financial documents, but financial health is not factored into judges' scoring of applications. And notably, city staffers do not verify the background or work history of key personnel. While Baraso said the fund's practices emulate those of many other grant-making bodies, he said the program's intentional solicitation of proposals from new nonprofits, which don't have a track record to show their reliability, may merit additional vetting.



It's telling that even without examining Woodley's background, city staffers had concerns with Diversifying Energy's bid. For example: the organization submitted a bid with a three-year timeline, despite the city expressly calling for a five-year plan to ensure that the winning bidder had time to work with multiple community organizations for distribution and installation. Even with that shorter timeline, Diversifying Energy's bid came in \$200,000 higher than the five-year bid from Earth Advantage. In addition, Diversifying Energy's compensation costs for the first year totaled more than \$1 million for five full-time equivalents – nearly twice the compensation for the four full time equivalents that Earth Advantage was proposing.

In fact, there were enough uncertainties that the fund's staffers actually recommended the selection committee choose Earth Advantage – even though its bid scored slightly lower than Diversifying Energy's, according to the criteria that the fund had set. The committee, however, understandably balked at going with the lower-scoring candidate, finding that it should stick with the criteria that it had laid out. "I think if we start to deviate from the scoring system, then we've just lost our integrity for any future grants that we make," said committee member Robin Wang.

Wang's right that protecting the integrity of the process is critical. But that integrity is undermined when no one checks the underlying information upon which such scores are based.

The fund's near miss offers a lesson not just for the program but for agencies across state and local government that are doling out hundreds of millions in grants and contracts. They should do the work of vetting recipients now – or face paying the price of unmet expectations and a loss of public faith.

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