



March 4, 2022

Mary Hull Caballero, City Auditor City of Portland 1221 SW 4th Avenue, Room 310 Portland, OR 97204

RE: Portland Clean Energy Fund (PCEF) Audit

Dear Auditor Hull Caballero:

We thank you for the opportunity to respond to your recent audit, "Portland Clean Energy Fund: Additional steps needed to implement voter-approved program," for the tremendous work put into this audit by your team, and for your dialogue with us throughout the evaluation process. As PCEF is a first-of-its-kind program in the nation, your recommendations are critical in supporting our efforts to meet voter intent: To reduce carbon emissions while advancing racial and social justice.

We appreciate the audit's recognition of the progress that PCEF has made to date — to put management systems in place to implement the legislation, including the detailed documentation of our efforts, and the specific recommendations for continued development of accountability systems and clear goals. As noted in the audit, PCEF was created by a community ballot initiative petition with defined legislation that has governed the program since its inception. Given PCEF's origins as a community-led initiative, we have maintained a meticulous dedication to implementing the program as defined in the ballot language. However, no ground-breaking program is perfect out of the gate, and we agree with the recommendations in the audit.

The audit recommendations will supplement the numerous lessons learned from administering the program, community engagement, and internal program evaluation over the past two years, as we work with the PCEF Committee to:

• **Define performance metrics** by July 2022 and establish performance goals by July 2023. This includes defining ambitious and measurable workforce and contractor equity goals as required in the code as well as measurable goals related to climate change mitigation. Staff have recently

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selected a contractor to conduct a workforce and contractor supply and demand market study that will provide key inputs for the workforce and contractor equity goals.

- Develop recommendations to Council offering clearer strategic direction on climate goals relevant to PCEF by December 2022. Staff will assist the PCEF Committee and other stakeholders/community members to draft recommendations for Council consideration.
- Begin a conversation with the PCEF Committee and Commissioner Rubio to outline options
  for City Council consideration that clarify and amend program budgeting requirements and
  PCEF's administrative cost limit to improve transparency and provide greater budgeting
  consistency by December 2022; and clarify, define, and establish goals for PCEF's capacitybuilding efforts by December 2022.
- Continue to assess the Committee's governance structure to ensure there are clear roles and effective oversight responsibilities and potentially suggest changes or clarifications by July 2023. Staff will continue to work with the PCEF Committee to support their capacity, while honoring the ballot measure's intent to ensure community leadership is central to the program.

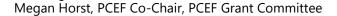
Portlanders used their voices to demand real change and action. We are committed to honoring the PCEF code directives in a transparent, responsible way. We appreciate the opportunity to learn and grow so we can continue to meet those expectations.

Carmen Rubio, Commissioner

W/Gan Horst

Andrea Durbin, Director, Bureau of Planning and Sustainability

Sam Baraso, Program Manager, PCEF



Michael Edden Hill, Co-Chair, PCEF Grant Committee



