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# Portland's massive clean energy program not accountable for climate or equity results, audit finds

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By **Shane Dixon Kavanaugh | The Oregonian/OregonLive**

More than three years after its launch, a voter-enacted city of Portland program tasked with bankrolling clean energy projects and jobs has yet to set performance standards, finalize accountability systems or launch an equity plan, all required under its design.

Those are among the findings of a city audit of the Portland clean energy program released Thursday. It also raised concerns about how the program aligns with the city's climate goals and the absence of clear oversight for spending.

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The string of structural and administrative shortcomings has persisted for years even as the program has begun to distribute millions of dollars and holds more than \$170 million in its coffers, according to the City Auditor's Office.

Commissioner Carmen Rubio and Bureau of Planning and Sustainability Director Andrea Durbin should have and must take the lead on ensuring the program lives up to its aims more quickly and with more accountability, the report said.

The ballot measure that voters approved in fall 2018 placed much of the responsibility and power to run the program in the hands of an all-volunteer committee, the audit noted. But ultimately, the Portland City Council and paid city staffers have power to ensure it adheres to its principles and the money is put to its highest use – and they should do so, the audit said.

Rubio, who oversees the sustainability bureau, Durbin and other officials said in a written response that they plan to address shortcomings identified by the auditor's office within the next nine to 16 months.

"No ground-breaking program is perfect out of the gate," they wrote.

In a statement Thursday, Rubio said she was committed to ensuring the city's clean energy fund succeeds.

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“Because (it) is a first of-its-kind program in the nation, we must preserve public trust in this new, innovative program – and that includes addressing not only the auditor’s recommendations but other lessons learned,” she said.

### **A Local Green New Deal**

The clean energy initiative was sold to voters as a 1% tax on large retailers that would reduce carbon emissions, create green energy jobs and promote resiliency. More than 65% of city voters approved it.

The program, which has generated far more money than projected, aims to help Portland residents facing the most severe impacts from climate change, with a particular focus on helping Portlanders of color.

It also prioritizes funding for nonprofits created and operated by members of historically marginalized communities.

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Democrats in Congress have pushed a similar program nationally — the Green New Deal.

To date it has generated more than \$185 million, according to the auditor's office — nearly double what officials with the city's revenue division originally estimated.

A coalition of social justice and environmental organizations that helped develop the program urged Rubio in a letter this week to begin exploring changes that would allow it to expand the scope and scale of climate work it undertakes.

"These funds are a boon to Portland," said the group, which includes the Coalition for Communities of Color, Portland NAACP, Sierra Club and others. "We see this as an opportunity to further address climate change impacts on our most vulnerable and impacted communities led by and for those communities."

Rubio said in a letter to the coalition that she would direct the sustainability bureau to identify potential ways for the program to allow more investment in carbon mitigation projects.

The program's nine-person grant committee, five of whom were appointed by the mayor and the city's four commissioners, approved an inaugural \$9 million in grants to 45 nonprofits last April and plans to award about \$100 million more by the end of this year.

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## Systems Check

The review by the auditor's office did not focus on grant recipients or projects but on systems to decide on and monitor those beneficiaries, as detailed in the program's founding legislation. Several such systems that the study's authors said "would have program-wide benefits" remain works in progress, the office found.

[A December investigation](#) by The Oregonian/OregonLive revealed that the volunteer committee and the City Council both voted to award nearly \$12 million to a nonprofit whose leader spent years in prison for defrauding energy companies and also had a long history of financial misdeeds and unpaid taxes.

Following the revelations, city officials rescinded the award and gave it to a rival firm. They also took modest steps to strengthen their grant review process.

But other systems and metrics to ensure the money is awarded as voters intended are still not in place, the audit said.

For example, auditors found the program has yet to formally adopt a way of measuring, tracking and reporting the performance of projects that it funds, which officials say are expected to surpass 100 later this year.

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Nor has it finalized a system to track and report that money it hands out matches the share of funding required: 40% to 60% for renewable energy or energy efficiency; 20% to 25% for clean energy jobs; 10% to 15% for green infrastructure and regenerative agriculture; and 5% for innovation.

Meanwhile, a required workforce and contractor equity plan with the aim of training and hiring people from historically disadvantaged communities remains incomplete, according to the report.

“Not addressing these elements could jeopardize the city’s ability to meet the legislative intent of the voter-approved program,” the authors wrote.

### **Time For Action?**

The audit also determined the clean energy fund needs to address ambiguities surrounding its climate goals, an issue the report attributes, in part, to how the initiative’s original proponents crafted the ballot language.



As written, the grant committee's funding decisions are supposed to bolster a city of Portland Climate Action Plan that expired in 2020.

Since then, the committee has relied on a subsequent 2020 climate emergency declaration issued by the City Council, "which left the program to determine for itself how to contribute to the city's updated climate strategy," according to the report.

The audit also found that, absent action by the sustainability bureau and the City Council, the volunteer grant committee has become the program's de-facto oversight body, which "may make it difficult for members to be skeptical of their decisions, provide criticism or correct problems."

The auditor's office recommended those overseeing the clean energy fund create a timeline to finalize its performance metrics and equity plan, pitch the City Council on how the program should proceed with climate initiatives and clarify oversight responsibilities.

Rubio and Durbin wrote they plan to develop climate goal recommendations by December and establish performance metrics and oversight structures by July 2023 — nearly five years after the program was approved.

"Portlanders used their voices to demand real change and action," they wrote. "We appreciate the opportunity to learn and grow so we can continue to meet those expectations."

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