

## **RESOLUTION No. 37526**

Adopt an internal cost of carbon policy to ensure major City decisions formally consider the social and environmental costs of carbon emissions in evaluation processes (Resolution).

WHEREAS, the climate emergency is an existential threat to our community and economy, and combatting it will require government agencies to treat this as the crisis it is by taking bold steps to meet Portland's carbon reduction goals and building a healthy, resilient city in which everyone can thrive; and

WHEREAS, the City of Portland government has both an opportunity and obligation to model innovative implementation approaches to reducing carbon emissions in its operations for other organizations and industries to follow in order to help meet the City's community-wide decarbonization goals; and

WHEREAS, the City of Portland's Climate Emergency Declaration, Resolution No. 37494, adopted in June 2020, directed the Bureau of Planning and Sustainability to involve youth and other stakeholders in the development of a proposed climate test, such as an internal carbon fee or shadow price on carbon; and

WHEREAS, the purpose of a climate test is to ensure that City bureaus are making informed decisions based on the best available climate science, particularly for major capital investments and high-carbon-impact decisions, such as fuel and vehicle purchases; and

WHEREAS, Resolution No. 37483, adopted March 2020, identifies the development and application of a shadow price of carbon as an emerging best practice for reducing greenhouse gas emissions in City operations; and

WHEREAS, the Sustainable City Principles, adopted in 2015, commit Portland elected officials and staff to think beyond first costs and consider long-term, cumulative impacts when making policy and financial decisions; and

WHEREAS, Resolution No. 37419 amended the Financial Planning Policy FIN 2.03 requiring City bureaus to minimize environmental, social, and economic risks; and to maintain infrastructure at the lowest life cycle

cost which meets service objectives; and

WHEREAS, Portland is a signatory to the C40 Net Zero Carbon Buildings Declaration, which commits City assets and infrastructure to becoming net zero carbon by 2030; and

WHEREAS, Bureau of Planning and Sustainability staff have conducted a thorough review of climate test applications that have been adopted by other municipal and federal governments, universities, and private industries to inform the City's climate test policy; and

WHEREAS, the City of Portland received valuable input from youth and other stakeholders in the development of a proposed climate test, and continued collaboration will lead to stronger outcomes;

NOW, THEREFORE, BE IT RESOLVED, that the City of Portland internal cost of carbon policy, attached hereto as Exhibit A, is adopted.

BE IT FURTHER RESOLVED, the internal cost of carbon is applied to cost analyses that are developed for evaluation of City investment decisions with respect to City buildings, vehicles and mobile equipment, transportation infrastructure, resource management related to wastewater treatment and ecosystem services, as defined in Exhibit A; and

BE IT FURTHER RESOLVED, the Director of the Bureau of Planning and Sustainability is authorized to approve updates to the policy, including applicability of the policy, standardization of emissions calculations, and adjusting the internal cost of carbon to achieve adopted carbon reduction targets; and

BE IT FURTHER RESOLVED, the Bureau of Planning and Sustainability staff will develop and provide detailed guidance for bureaus to implement the internal cost of carbon policy, including standardized emissions calculation tools, and will share these resources with City staff and the general public via the Portland.gov website; and

BE IT FURTHER RESOLVED, the Bureau of Planning and Sustainability staff is directed to conduct regular trainings for City staff on how to apply the internal cost of carbon policy; track its implementation; and modify its implementation based on results, feedback, and Citywide objectives; and

BE IT FURTHER RESOLVED, the internal cost of carbon policy is

intended as the first phase of the City's climate test policy, and the Bureau of Planning and Sustainability will continue to work with youth and other stakeholders to refine and expand a climate test that applies to other areas where the City has authority; and

BE IT FURTHER RESOLVED, the Bureau of Planning and Sustainability will provide a progress report on the implementation of the policy and recommendations for the next phase of the climate test policy to City Council no later than January 2022; and

BE IT FURTHER RESOLVED, this resolution is binding City policy.

Adopted by the Council: December 16, 2020

Mayor Wheeler  
Commissioner Jo Ann Hardesty  
Prepared by: Danny Grady  
Date Prepared: 11/30/20

**Mary Hull Caballero**

Auditor of the City of Portland

By *Keelan McClymont*  
Deputy

**1010**  
 Agenda No.  
**RESOLUTION NO. 37526**  
 Title

Adopt an internal cost of carbon policy to ensure major City decisions formally consider the social and environmental costs of carbon emissions in evaluation processes (Resolution)

<b>INTRODUCED BY</b> Commissioner/Auditor: Mayor Wheeler & Comm. Hardesty	CLERK USE: DATE FILED <u>December 8, 2020</u>
<b>COMMISSIONER APPROVAL</b> Mayor—Finance & Administration – Wheeler <i>MW</i>	Mary Hull Caballero Auditor of the City of Portland  By: <u><i>Keelan McClymont</i></u> Deputy  <b>ACTION TAKEN:</b>
Position 1/Utilities - Fritz	
Position 2/Works - Ryan	
Position 3/Affairs - Hardesty <i>JL Hardesty</i>	
Position 4/Safety - Eudaly	
<b>BUREAU APPROVAL</b> Bureau: <b>BPS</b> Bureau Head: Andrea Durbin <small>Digitally signed by Andrea Durbin          Date: 2020.12.07 13:00:05 -0800</small>	
Prepared by: Danny Grady Date Prepared: 11/30/2020	
<b>Impact Statement</b> Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>	
<b>Portland Policy Document</b> If "Yes" requires City Policy paragraph stated in document. Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
<b>City Auditor Office Approval:</b> required for Code Ordinances	
<b>City Attorney Approval:</b> required for contract, code, easement, franchise, charter, Comp Plan	
Council Meeting Date December 16, 2020	

<b>AGENDA</b>
<b>TIME CERTAIN</b> <input checked="" type="checkbox"/> <b>Start time:</b> <u>2:00pm</u> <b>Total amount of time needed:</b> <u>120 mins</u> (for presentation, testimony and discussion)
<b>CONSENT</b> <input type="checkbox"/>
<b>REGULAR</b> <input type="checkbox"/> <b>Total amount of time needed:</b> _____ (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	✓	
2. Ryan	✓	
3. Hardesty	✓	
4. Eudaly		
Wheeler	✓	