



[Home](#) / [Council Documents](#)

191046

Ordinance

Amend Portland Clean Energy Community Benefits Code to better align with and equitably meet City climate action goals (amend Code Chapter 7.07)

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. Frontline communities in Portland and worldwide – including Black and Indigenous people, communities of color, immigrants, refugees, low-income individuals, labor and workers, people living with disabilities, youth, and individuals experiencing homelessness – are often the communities least responsible for contributing to climate change, yet frontline communities are disproportionately affected by climate change impacts and will continue to bear a disproportionate burden.
3. The City’s historically racist land use policies and discriminatory real estate, planning, and infrastructure investment practices mean communities of color and low-income Black and Native American populations in Portland may experience significantly higher ambient temperatures, higher utility bills, poorer air quality, and greater risk to health than predominantly white or affluent neighborhoods.
4. People living in homes with insufficient or no insulation and inefficient heating and cooling systems will incur higher energy bills, and people dependent on gas-powered vehicles may pay more for operation and maintenance, creating additional burdens on low-income households and other frontline communities that can lead to financial instability and displacement.
5. Low-income populations and communities of color have been historically underserved by clean energy programs and investments and underrepresented in decision making on climate policy.

Introduced by

[Commissioner Carmen Rubio](#)

Bureau

[Planning and Sustainability](#)

Contact

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Requested Agenda Type

Regular

Date and Time Information

Requested Council Date
October 26, 2022

Changes City Code

6. To meet the City's climate action goals there is an urgent need to fund and accelerate greenhouse gas emissions reductions and sequestration, especially within low-income communities and communities of color.
7. 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.
8. Ballot Measure 26-201 is the first time a Portland environmental ballot measure was led by communities on the frontlines of climate change, including low-income communities and communities of color. The ballot initiative's success was the result of community organizing, frontline advocacy and volunteer efforts throughout Portland.
9. 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.
10. 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 climate (Resolution No. 37494).
11. In 2020, City Council 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.
12. In 2022, the United Nations Intergovernmental Panel on Climate Change (IPCC) concluded that humanity must make immediate and deep carbon emissions reductions to limit global warming to 1.5 degrees Celsius to avert the direst consequences of climate change (Summary for Policymakers of the IPCC Working Group III Report, Climate Change 2022: Mitigation of Climate Change).
13. In 2022, carbon emissions from the transportation sector accounted for the largest share of emissions in Multnomah County.
14. Increases to the length of the summer season have a direct and immediate impact on trees by causing stress to species like Western Red Cedar, which undermines the ability of Portland's tree canopy to provide critical habitat, urban cooling, and other green infrastructure services.

15. The PCEF program was initially projected to generate \$44 to \$61 million annually and is now projected to generate over \$90 million annually.
16. PCEF presents an opportunity to take bold climate action, across all sectors, in every corner of the city in ways that are restorative, reparative, and build present and future well-being and wealth.
17. Through October 2022, the PCEF program has allocated over \$130 million in grants to nonprofit organizations for projects that reduce carbon emissions, advance resiliency, and promote equity for all Portlanders, with a focus on low-income communities and communities of color.
18. In March 2022, the City Auditor released audit findings related to the PCEF program's start-up phase and suggested that the program needed guidance on climate goals, capacity-building, and oversight elements, as well as clarification on the limits of administrative expenses. The audit noted that PCEF had made progress with some elements, but others were not yet fully implemented or needed direction from City Council.
19. In March 2022, Commissioner Rubio, the PCEF Committee, and PCEF staff responded to the audit with commitments to define performance metrics, establish performance goals, develop recommendations to Council offering clearer strategic direction on climate goals, outline options to amend program budgeting requirements and PCEF's limit on administrative expenses, and continue to assess the Committee's governance structure.
20. In April 2022, PCEF staff shared four objectives for reviewing opportunities for program structural improvements with the PCEF Committee. They included (1) identify changes to enable accelerated funding of carbon reduction projects; (2) draw clearer and more relevant connections between PCEF and the City's carbon reduction goals; (3) address administrative and operational needs identified by staff and committee; and (4) address audit recommendations.
21. In June 2022, the PCEF Committee approved performance metrics to report program outcomes to the public.
22. Between January and August 2022, Commissioner Rubio held several discussions with community leaders on potential code amendments to strengthen and streamline the PCEF program in a manner consistent with the intent of Ballot Measure 26-201.
23. On September 15, 2022, Commissioner Rubio shared with the PCEF Committee and the public a proposal (Exhibit C: PCEF Program Structural Updates) to strengthen and streamline the PCEF program based on insight from early program implementation and audit recommendations. The proposal broadens eligible funding recipients and funding areas and increases the limit on administrative expenses. The proposal also creates a five-year Climate Investment Plan, with measurable goals and outcomes, that will guide PCEF's investments in community-responsive grants as well as new strategic initiatives.

24. Minor housekeeping changes to Chapter 7.07 will also strengthen the PCEF program and it is in the City's interest to include them in this Ordinance.

NOW, THEREFORE, the Council directs:

- A. City Code Chapter 7.07 (Portland Clean Energy Community Benefits) is amended with the changes, additions, and substitutions shown in Exhibit A.
- B. PCEF staff, with guidance from the PCEF Committee, to develop and implement Strategic Initiatives 1 and 2 identified in Exhibit B. PCEF staff must work closely with internal and external stakeholders to develop the initiatives and then incorporate the initiatives into the first Climate Investment Plan.
- C. The PCEF Committee to recommend to City Council, for City Council adoption, the first Climate Investment Plan based on the funding priorities identified in Exhibit B.

Documents and Exhibits

 [Exhibit A](#) (184.44 Kb)

 [Exhibit B](#) (194.14 Kb)

 [Exhibit C](#) (396.88 Kb)

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
October 26, 2022

Auditor of the City of Portland
Mary Hull Caballero

Impact Statement

Purpose of Proposed Legislation and Background Information

- Portland voters passed the Portland Clean Energy Community Benefits Fund (PCEF) ballot measure in November 2018 to invest in community-originated climate action solutions that advance racial and social justice.
- PCEF was initially projected to generate \$44 to \$61 million annually and is now projected to generate over \$90 million annually.
- Commissioner Rubio proposed this legislation to (1) enable accelerated funding of carbon reduction projects, (2) draw clearer and more relevant connections between PCEF and the City of Portland's climate action goals, (3) address administrative and

operational needs identified by PCEF staff and committee, and (4) address early program audit recommendations.

- The proposal makes improvements that requires the development of a Climate Investment Plan, broadens eligible funding recipients and funding areas and increases the limit on administrative expenses.
- The proposed legislation amends Chapter 7.07 of the Portland City Code.

Financial and Budgetary Impacts

- No additional near-term financial or budgetary impacts are created by this ordinance. The ordinance creates a new framework, the Climate Investment Plan, which will set funding priorities and funding levels for the expenditures of the Portland Clean Energy Community Benefits Fund. The Plan must be adopted by City Council in a future ordinance.
- The legislation will enable greater staffing for PCEF through future budget requests.
- Programs defined in the Climate Investment Plan may support investments that:
 - Reduce greenhouse gas emissions for city-owned assets creating financial benefit through reduced utility costs.
 - Create and fund new staff positions in the City to implement strategic initiatives.

Community Impacts and Community Involvement

- The proposed legislation will enable greater PCEF investments at scale that prioritize low-income communities and communities of color. Projects that result from strategic initiatives, green infrastructure maintenance and community response grants will enable greater workforce and contractor development opportunities in priority communities. Additionally, the legislation will enable more targeted funding in geographic areas of the city, such as east Portland, that have fewer neighborhood-based nonprofit organizations available to implement PCEF projects.
- Outreach was conducted with leaders in the community over eight months to explore changes to PCEF to enable accelerated funding in alignment with the ballot measure (26-201).
- Program implementation feedback from the City Auditor, PCEF staff, and the PCEF Committee informed development of the legislation.

100% Renewable Goal

- The program improvements enabled by the code amendments will help align expenditures better with the City's 100% Renewable goal, as well additional City climate action goals. The additional flexibility to award contracts and grants to additional entities will allow greater

efficiency in deployment of projects, and is in direct support of the City's 100% renewable energy goal.

- The legislation will enable greater investments in projects that reduce the energy use in the City than would otherwise be feasible without the legislation.
- The legislation will increase the generation and use of renewable energy in the City at an accelerated rate than would otherwise be feasible without the legislation.

Budget Office Financial Impact Analysis

In November 2018, Portland voters created the Portland Clean Energy Community Benefits Fund (PCEF), an effort led by communities on the frontlines of climate change, including low-income communities and communities of color. Revenue generated by the tax was expected to invest in community-originated climate action projects, particularly those that advance racial and social justice. As of October 2022, the PCEF program has allocated over \$130 million in grants to community-based organizations (CBO) for projects to reduce carbon emissions, strengthen resiliency, and promote equity for all Portlanders.

This fund was initially projected to generate \$44 to \$61 million annually and is now projected to generate over \$90 million annually. The impetus for the changes laid out in this ordinance are higher than expected revenues, City auditor findings, and reports measuring the impact and threat of climate change on our local community and the world.

Adopting the proposed changes would maintain the part of the spirit of the ballot initiative but alter 1) how the money is distributed and 2) who is eligible to receive funds.

The proposed changes include developing a five-year climate investment plan (CIP) along with the PCEF committee, which includes funding allocations and measurable program goals and/or outcomes for PCEF's current community responsive grants programs and new strategic programs. This change differs from the initial code outlining that projects must fit within pre-determined funding allocations. The Ordinance proposes two initial strategic programs:

1. \$40 million over five years to grow an equitable tree canopy, workforce, and contracting pool
2. \$60 million over five years to raise the bar on efficiency and renewable energy upgrades in new and redeveloped affordable multi-family housing

Furthermore, the CIP will include the minimum funding allocations for the following categories:

1. \$300 million over five years to promote housing and small commercial energy efficiency, renewable energy, and embodied carbon
2. \$30 million over five years for resilient community centers
3. \$100 million over five years to decarbonize transportation
4. \$10 million over five years for planning and early investments for a low-carbon, equitable 82nd Ave corridor
5. \$100 million over five years for low-cost green financing for carbon-reducing projects
6. \$8 million over five years for building community-based organizational capacity

Given the large dollar amounts above, the Ordinance amends City code to expand who can receive funding and is providing clear guidance about the eligible organizations and businesses that can apply for roles that implement the initiatives. CBOs and non-profits are still eligible to receive PCEF funding, but the ordinance allows funds to be distributed through grants and contracts, allows government entities to be eligible grant and contract recipients, and allows for-profit businesses to be eligible contract recipients to help administer programs. CBOs were previously the primary way funds collected and distributed to achieve PCEF's program goals. The proposed changes also increase the administrative cap of the program to manage and support the PCEF program from five percent to 12 percent. Administrative expenses include salaries and benefits for program staff as well as overhead expenses related to managing the program and activities related to public outreach and communication.

These changes will likely help the program get significant money out the door to organizations serving the City related to its climate goals with added accountability.

Agenda Items

873 Time Certain in [October 19, 2022 Council Agenda](#)

Passed to second reading

Passed to second reading October 26, 2022 at 9:30 a.m.

897 Regular Agenda in [October 21-27, 2022 Council Agenda](#)

Passed

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Commissioner Dan Ryan Yea

Commissioner Jo Ann Hardesty Yea

Mayor Ted Wheeler Yea