



**PROSPER**  
**PORTLAND**  
Building an Equitable Economy

**DATE:** August 28, 2024  
**TO:** Board of Commissioners  
**FROM:** Kimberly Branam, Executive Director  
**SUBJECT:** Report Number 24-41

Authorizing Execution of Fiscal Year 2024-25 Intergovernmental Agreement with the City of Portland Bureau of Planning and Sustainability for Portland Clean Energy Community Benefits Funds of \$42,500,000 over a Five-Year Term for Program Capital and Program Delivery Activities Related to Implementation of the Climate Investment Plan

#### **BOARD ACTION REQUESTED AND BRIEF DESCRIPTION**

Adopt Resolution No. 7573

This action by the Prosper Portland Board of Commissioners (Board) will authorize an intergovernmental agreement (IGA) with the City of Portland (City) Bureau of Planning and Sustainability (BPS) to transfer \$42,500,000 in Portland Clean Energy Community Benefits Fund (PCEF) resources to Prosper Portland to fund certain economic development and clean energy activities on a citywide basis, including small contractor technical assistance, small commercial building energy efficiency grants, and small commercial building low-cost access to capital. These activities have been budgeted in Prosper Portland's Fiscal Year (FY) 2024-25 Adopted Budget and Forecast.

#### **STRATEGIC ALIGNMENT AND OUTCOMES**

This IGA is a newly authorized agreement which transfers City resources that allow Prosper Portland to develop new or scaled up programs delivering on critical strategic objectives, including increasing small business access to capital, fostering equitable wealth creation through direct financial assistance programs, and small contractor technical assistance support.

#### **BACKGROUND AND CONTEXT**

Prosper Portland has implemented economic development activities on behalf of the City for decades. However, the majority of Prosper Portland's resources to provide direct financial assistance to small businesses and commercial buildings citywide is sourced from tax increment financing (TIF), which is only available within TIF districts and carries specific legal restrictions as to use. This limits Prosper Portland's ability to offer and deliver small business and commercial building funding citywide.

Advance Portland, Portland's economic development strategy, presents an ambitious and actionable strategy to collectively deliver inclusive and sustainable economic growth; builds on Portland's industries, workforce, innovation activities, built environment, and institutions; and identifies opportunities to align and propel Portland's economic growth with equity and climate action.

The City of Portland’s Climate Investment Plan (CIP) was developed with significant community engagement and input and is PCEF’s five-year plan to guide program investments in community-led and informed projects that reduce carbon emissions, create economic opportunity, help make Portland more resilient and prepared for a changing climate, and support the City’s goal of net-zero carbon emissions by 2050.

This IGA represents funding for Prosper Portland to implement on portions of BPS’ PCEF CIP activities aimed at increasing contractor capacity to compete for and execute on clean energy construction projects and at providing access to capital through loans and grants to businesses to make clean energy and renewable energy investments.

### **EQUITY IMPACT**

The IGA scope of services provides for implementation of critical small business, wealth creation, and economic and climate resilience investments citywide in alignment with the City’s CIP.

The CIP is PCEF’s five-year plan that was developed through:

- Climate research;
- Community engagement; and
- Multiple rounds of input from residents, businesses, technical experts, government partners, and community organizations.

Through the CIP, PCEF invests in projects that reduce carbon emissions, create economic opportunity, and help make Portland more resilient in the face of climate change. CIP investments help ensure Portland’s most impacted residents are prepared for a changing climate. All programs in the CIP are evaluated within PCEF’s equity and climate framework, which considers benefits to frontline communities, community leadership, implementation feasibility, greenhouse gas emissions reductions, and accountability.

To remain accountable to equitable outcomes, the IGA commits Prosper Portland to submit quarterly reports to the City itemizing:

- ` outcomes.

Administration of the small contractor technical assistance is anticipated to occur through investments in and scaling of Prosper Portland’s Community Opportunities and Enhancement Program (COEP).

Staff conducted public participation as part of the FY 2024-25 budget process, primarily during discussions with Prosper Portland’s Community Budget Committee. CIP priorities were identified through an extensive community engagement process led by PCEF staff and community partners.

### **BUDGET AND FINANCIAL INFORMATION**

This action will allow Prosper Portland to receive \$42,500,000 in PCEF resources, already included in Prosper Portland’s Adopted FY 2024-25 Budget and forecast, to implement the following economic development activities:

- Small Contractor Business Technical Assistance - \$5,000,000

Prosper Portland will deliver business support to the construction industry, building capacity of small contractors to pivot operations towards advancing climate action initiatives, mitigating carbon emissions, and contributing to a more sustainable built environment. The program will be paired with the COEP, which aims to increase diversity and equity in construction contracting.

- Small Commercial Building Energy Efficiency Grant Program - \$27,500,000

In collaboration with PCEF staff, Prosper Portland will develop and launch a new Energy Efficiency focused small business grant program that delivers on CIP Strategic Program 4 (Clean Energy for Small Commercial Buildings) and Strategic Program 11 (82<sup>nd</sup> Avenue Business Stabilization). The program will incentivize businesses and commercial building owners to increase business competitiveness through energy efficient upgrades, create health benefits, and increase resilience for small businesses in Portland, with a focus on businesses owned by disadvantaged and underserved individuals. Additionally, this program will prioritize investment in businesses in high energy use sectors that have high energy savings opportunities such as food service, food sales, small manufacturing, lodging, and laundromats.

- Small Commercial Building Low-Cost Access to Capital Fund - \$10,000,000

The fund will allow Prosper Portland to provide PropertyFit or other forms of low-cost financing to projects ranging from \$250,000 to \$1,000,000 throughout Portland, with specific outreach and marketing efforts targeted towards disadvantaged and underserved communities. PropertyFit is Multnomah County's Commercial Property Assessed Clean Energy program administered by Prosper Portland that provides strategic, long-term financing for energy efficiency, renewable energy, and water conservation improvements to commercial, industrial, and multifamily properties with five or more units. These projects are typically funded by private capital providers, however increasingly these capital providers are focusing on larger project above \$1,000,000. This creates a gap in the market and a lost opportunity to small commercial building owners.

The IGA allows for up to \$12,750,000 of the budget to be used for program delivery costs that include six new positions to implement the three programs as well as additional administrative support. The positions have been budgeted in the PCEF Fund along with all other program resources and planned expenditures in the FY 2024-25 Adopted Budget. Future budget revisions will adjust the total funding according to fiscal year.

The terms of the IGA allow for two disbursements per year from PCEF to Prosper Portland in accordance with the adopted budget, thereby alleviating the need to adjust the interfund borrowing resolution to provide working capital for the program.

### **RISK ASSESSMENT**

Should the Prosper Portland Board choose not to adopt the resolution, staff would not be able to proceed with Portland Clean Energy Fund programs outlined in the FY 2024-25 Adopted Budget and forecast.

### **ATTACHMENTS**

None.