Program Guidelines
Clean Industry Community Program: Tier 1 Grant Program

Context. The PCEF Clean Industry Community Program ("Program") is a five-year grant program that funds industrial and innovation projects at industrial businesses, hospitals, and universities. The Program is supported by a $20 million Collaborating for Climate Action grant from the Portland Clean Energy Community Benefits Fund ("PCEF") to the Bureau of Planning and Sustainability Climate Team ("BPS"), and builds upon the foundational work BPS, Prosper Portland, and Portland State University Center for Public Service ("PSU") have begun through the city's Clean Industry Initiative. The Program is informed by a Partnership Committee comprised of seven organizations including BPS, Prosper Portland, PSU, Portland Metro Chamber, Neighbors for Clean Air, Worksystems Inc, and Energy 350. Prosper Portland administers the grant offerings through an Intergovernmental Agreement ("IGA") with BPS.

The Program's main objective is to fund clean industry projects that reduce greenhouse gas emissions and create meaningful community benefits, serving as a foundation for key greenhouse gas ("GHG") reductions and accelerating the shift toward a circular, clean, and inclusive economy. Projects will fall into three categories (these categories may be assigned updated names for marketing and branding purposes):

- Tier 1 projects below $300,000;
- Tier 2 projects up to $2 million; and
- Feasibility grants below $100,000.

These Program Guidelines outline the **Tier 1** Grant Program offering.

Purpose. The Tier 1 Grants are the first funding opportunity offered by the Program. This initial offering—intended for rapid deployment of funds to industrial businesses, hospitals, and universities—targets applicants with industrial decarbonization projects largely pre-scoped. Competitive applicants will submit application materials with realistic timelines, carbon impacts clearly calculated, community benefits well defined, while demonstrating strong feasibility. The Tier 1 Program infuses capital into decarbonization projects that may have begun scoping but paused due to financial constraints or barriers to capital access. Applicants who have not begun scoping will be provided with ample time between the program's launch date and application due date to complete such activities. Applicants experiencing barriers to commencing or completing scoping activities will have an opportunity to submit for the subsequent Tier 2 and Feasibility Grant offerings, which will include technical assistance for scoping and project development.

Eligible Persons or Entities. A property or business owner may be eligible for this program according to the criteria set forth below.[1]

- **A PROPERTY OWNER** who meets ***all*** the following criteria:

[1] If the business or commercial property is owned by an entity, then the "business owner" or "commercial property owner" is determined with respect to the owner of the entity. If the entity is owned by more than one member or shareholder, then the individual with the majority interest will be considered the owner. If there is no majority interest-holder, then an individual with a substantial interest in the entity may be considered the "business owner" or "commercial property owner" for purposes of evaluating a grant application. Entities that share majority ownership, the same business name, and/or the same branding, etc., are considered the same entity for purposes of this grant program.

  - Has a current City of Portland Business License and State of Oregon business registration;
  - Is located within Portland's city limits; and
  - Owns a business operating out of a commercial or industrial property they own, ***OR*** leases their property to a business meeting the eligibility criteria below, with at least 2 years remaining on the lease term at the time of grant agreement execution.

- **A BUSINESS ENTITY**[2] meeting ***all*** the following criteria:
  - Has a current City of Portland Business License and State of Oregon business registration;
  - Business falls under an eligible NAICS code (identified on pages 120-122 of the BPS Portland Clean Industry Study)[3]; and,
  - Business is located within Portland's city limits, or if relocating to the City of Portland, must have a signed lease or purchase agreement for a property within Portland city limits.

Ineligible Persons or Entities. In addition to persons or entities that do not meet the eligibility criteria above, the following persons or entities are ineligible to receive this Grant:

- Nonprofit entities[4]
- Persons or entities that have received a Building Energy Efficiency ("BEE") Grant; and,
- Businesses operating on residentially zoned property.

Availability of Funds. Grant awards may range from $25,000 to a maximum of $300,000 per applicant. Additionally:

- The Program will reserve, at minimum, 20% of total funds for businesses with fewer than 100 employees.
- If an applicant operates a business in multiple locations, the applicant may (at its discretion) apply for a project with decarbonization and efficiency measures across all or multiple locations.
- Applicant entities are eligible to receive no more than one Tier 1 grant award.
- Grant program participants will be required to match 25% of the eligible project costs. Sources can include owner investment, debt capital, other grants, utility, state, or federal programs.
- The grant amount plus eligible incentives may not exceed 100% of the total project cost.
- Tier 1 Grant Program recipients (and BEE program recipients) are eligible to apply for additional funding through the Program, including the Tier 2 and/or Feasibility Grants.

Eligible Costs. Grant funds will be issued on a reimbursement basis for the following eligible costs.

Grant recipients may be eligible for the reimbursement of project costs associated with an industrial decarbonization project of their choosing. Applicants are encouraged to propose projects implementing either proven technologies or innovative technologies. In all cases, project proposals must include sufficient detail to project the carbon reduction impact that will be realized as a result of the project

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[2] Applicants will typically be for-profit business entities, but can also include hospitals or universities incorporated as a non-profit entity. Applicant entities can also include private/non-profit partnerships applying as a coalition for an industrial project.

[3] Industrial business applicants without an eligible NAICS code may request an exemption, to be evaluated by program staff.

[4] Exceptions detailed above in Footnote 2.

(measured by cost effectiveness; $ / Lifetime metric Ton CO_2 saved). Suggestions for eligible project types can include, but are not limited to, the following:

- Industrial Heat Pumps (Space & Water Heating);
- Insulation / Weatherization (building or equipment, pipes, etc.);
- Process Efficiency & Decarbonization;
- Advanced Electrification (kilns, furnaces, process heaters);
- Controls (reduce peak demand);
- Waste Heat Recovery;
- Energy Efficiency (Motors, Drives, Compressors);
- Electrification (boilers/ovens/heaters/dryers);
- Forced Circulation Generator Engine Block Heaters;
- Battery Backup (retiring diesel generators);
- Electrification (plus onsite renewables); and/or
- Regenerative Thermal Oxidizers.

Additionally:

- All projects must, at minimum, meet or exceed a cost effectiveness threshold set at $200 per lifetime metric ton of CO_2 saved.[5]
    - Applicants will be directed to Energy Trust of Oregon's Industrial program for assistance on preparing these metrics.
- Related measures identified as critical to implement the decarbonization project may also be eligible. For example, structural or electrical upgrades required to install new manufacturing equipment. Funding for these improvements cannot exceed 30% of the total grant amount.
- Up to 30% of the awarded grant dollars can be used for soft costs such as design, architectural and engineering services, permitting fees, and project management.

Selection Process. This section sets forth the application, evaluation, and approval process.

- Applicant submits an online application on the Prosper Portland website.
- Program staff will review the application for eligibility and budget availability.
- Program staff may follow up with applicants to ensure application materials are complete, and/or to clarify details in the application to ensure accurate and equitable evaluation.
- The Program's Partnership Committee will make funding recommendations based upon the eligibility criteria and evaluation metrics detailed below:
    - Community Benefit Criteria **50% Total Weight**
        - Air Toxics (non-CO_2) Reduction 15% Weight
        - Business retention or expansion opportunity 15% Weight
        - Indicators of Quality Jobs 15% Weight
        - Community / Environmental Justice Partnerships 10% Weight
        - Improved Workplace Comfort/Safety 10% Weight
        - Innovation 7.5% Weight
        - Traded Sector Company 7.5% Weight

[5] The Prosper Portland Executive Director, in consultation with PCEF, program staff and program partners, may adjust the minimum cost effectiveness threshold based upon market conditions and continued evaluation of cost effectiveness for industrial decarbonization projects.

        - Proximity to Residential Areas 5.0% Weight
        - Project Feasibility 5.0% Weight
        - Long Term Job Creation 5.0% Weight
        - Project is Scalable 5.0% Weight
    - CO_2 Reduction Cost Effectiveness ($/MT CO_2 saved) **50% Total Weight**
- If the application is determined to be eligible and selected for funding, the applicant will receive a grant award notice that will include next steps and documents to be submitted to advance to a grant agreement to fund the project.
    - Certain work may be required or precluded as a condition of funding.
- Applicant will be responsible for obtaining and submitting proof of necessary regulatory approvals (e.g. city land-use and building permits or other permissions related to landmarks and historic preservation).
- All work must comply with city, state, and federal regulations.
- Program staff have the sole authority to determine eligibility of proposed work and confirmation of completed work.
- Changes to approved work must be *pre-approved* by Prosper Portland to be eligible for reimbursement.

Contractors & Bidding. The following conditions apply for bidding out design and construction scopes of work:

- Grantee to obtain and submit design and contractor bids for all work to be performed using grant resources.
- Prosper Portland is committed to supporting a healthy climate and an inclusive contracting industry through its projects and programs. For applicants who are awarded a maximum grant ($300,000) and seek additional Prosper Portland loan or grant capital, compliance with Prosper Portland's Green Building Policy and Construction Business & Workforce Equity Policy may be required.
- Grant recipients will be required to certify contractor compliance with Portland Clean Energy Fund's wage requirements, and may be asked to participate in a wage audit.
- Grantees must obtain at least one bid for each scope of work proposed.
- If the applicant is a licensed contractor who wishes to self-perform work, an additional bid must be submitted to validate the applicant's bid. Contractor fees and overhead for applicant owners will not be reimbursed.
- All contractors must be licensed by the State of Oregon.
- All construction contracts will be between the applicant and contractor.
- Program staff reserve the right to reject the Grantee's proposed contractor(s).

Commitment and Disbursement of Funds. The Grant Agreement will outline terms and conditions of the grant and will serve as the legal commitment of both parties as to the scope and quality of work. The following conditions will apply to ensure adherence to program guidelines:

- Prosper Portland will review and approve proposed scope of work and ensure all other conditions are met prior to issuing a Grant Agreement and allocating funds to the project.

- Only work listed in the Grant Agreement will be eligible for grant funding. Prosper Portland staff may amend the Grant Agreement to include additional work scopes depending upon budget availability, but not to exceed the maximum grant amount.
- Work performed and/or expensed prior to the Grant Agreement being executed between the Grantee and Prosper Portland will not be eligible for grant funding.
- In some instances, contractors or consultants may be paid directly, such as if reimbursement is deemed a financial hardship for grant recipient or if a reasonable advance deposit is required by the contractor as a condition of beginning work on the project.

General Conditions. The following general conditions will apply to all projects:

- Improvements funded by the grant will be maintained in good order.
- Property taxes must be current when the Grant Agreement is issued.
- Compliance with the City of Portland Business License and State of Oregon Registry is required.
- When provided by Prosper Portland, all projects shall display signage indicating Prosper Portland, BPS, and/or PCEF's involvement in the improvement work.
- By virtue of participating in the Program, grant recipients commit to actions and reporting through Portland Means Progress for a three year period, at minimum.
- Grantees may be required to repay the grant funds if they leave the City of Portland within three years of grant agreement execution, or if terms of the grant agreement are materially breached.
- At time of grant agreement execution, Grantee must be in compliance with all existing Prosper Portland and City of Portland contracts and agreements.

The Prosper Portland Executive Director may make minor changes to the Program Guidelines as necessary to enhance alignment with Advance Portland Strategic Plan, the PCEF Climate Investment Plan, and the Clean Industry Community Program application.

Original Guidelines	Board approval on 5/13/2026, Resolution 7646