PHOSPHORUS OFFSET CREDIT AGREEMENT BY AND BETWEEN THE CITY OF SANTA ROSA AND THE TOWN OF WINDSOR

This agreement ("Agreement") is by and between the City of Santa Rosa, a municipal corporation ("CITY") and the Town of Windsor, a general law city ("TOWN") (together, the "PARTIES").

RECITALS

A. On July 24, 2008, the North Coast Regional Water Quality Control Board ("Regional Water Board") adopted Resolution R1-2008-0061, thereby approving the Santa Rosa Nutrient Offset Program ("NOP") as a method of compliance with the "no net loading" effluent limitations for total nitrogen and total phosphorus contained in the CITY's National Pollutant Discharge Elimination System ("NPDES") permit authorizing discharges from what is now known as the Santa Rosa Regional Water Reuse System, Laguna Treatment Plant ("LTP").

B. The NOP allowed CITY to offset the discharge of nitrogen and/or phosphorus contained in its treated wastewater effluent by conducting work that either prevented or removed equal or greater amounts of phosphorus from unregulated sources of discharge elsewhere in the Laguna de Santa Rosa watershed.

C. On November 21, 2013, the Regional Water Board issued another NPDES permit to CITY (Order No. R1-2013-001) with the same "no net loading" effluent limitation for total phosphorus that was in the CITY's 2006 permit and incorporated similar requirements into a second NPDES permit (Order No. R1-2013-0042) for the TOWN's Windsor Wastewater Treatment, Reclamation and Disposal Facility ("Windsor Facility").

D. The Regional Water Board subsequently adopted its Water Quality Trading Framework for the Laguna de Santa Rosa ("WQTF") on July 11, 2018, by Resolution No. R1-2018-0025, which provides for a system of tradable phosphorus credits ("P credits") that can be used by both CITY and TOWN as offsets to comply with the "no net loading" effluent limitation for total phosphorus contained in each of CITY and TOWN's NPDES permits.

E. On August 20, 2020, the Regional Water Board issued the CITY a new NPDES permit by Order No. R1-2020-012, which included a revised version of the WQTF to replace the NOP as a method of compliance with the "no net loading" effluent limitation for total phosphorus and provided for the transfer of unused P credits previously approved under the NOP to the WQTF accounting system.

F. On December 2, 2021, the Regional Water Board amended the WQTF and Fact Sheet portions of the CITY's NPDES permit (Amendment Order R1-2021-041), which clarified that the WQTF adopted with a NPDES permit was the operative framework for compliance purposes ("Permit WQTF") (the Permit WQTF is attached hereto as Exhibit A).

G. By letter dated March 1, 2022 (attached hereto as Exhibit B), the Executive Officer of the Regional Board confirmed a surplus of controlled phosphorus generated by CITY under the NOP may be transferred to the WQTF as P credits and confirmed that certain projects identified by CITY are eligible under the WQTF and may continue to generate P credits for the duration of their remaining project life, per Section 3.2.5 of the WQTF.

H. CITY and TOWN desire to buy and/or sell unused P credits in accordance with the Permit WQTF, including Section 2.2 of the WQTF, and the terms of this Agreement; in the event of a conflict between this Agreement and the WQTF, the WQTF shall apply.

In consideration of the foregoing recitals and the mutual covenants contained herein the PARTIES agree as follows:

1. **INCORPORATION OF RECITALS**

The above recitals are true and correct and are incorporated herein.

2. **DEFINITIONS AND TERMS**

A. "Credit Seller" has the same meaning as that defined in Section 3.1.2 of the Permit WQTF.

B. "Credit Buyer" has the same meaning as that defined in Section 3.1.1 of the Permit WQTF.

C. "Active P credits" has the same meaning as "Active Credits" defined in Section 9.3 of the Permit WQTF, which meet the applicable WQTF standards, including the Improvement and Monitoring standards in Section 11 of the WQTF.

D. "Credit Trade Notices" has the same meaning as that used in Section 9.4 of the Permit WQTF.

E. "Designated Administrator" shall be the Regional Water Board or a qualified third-party designee as provided for in Section 9.5 of the Permit WQTF.

3. **TERM**

A. This Agreement shall be in effect for an initial term of three (3) years effective upon the date of execution by both parties and shall automatically renew for subsequent one-year periods, unless terminated pursuant to Section 8 below.

4. **P CREDITS**

A. Pursuant to the Permit WQTF and the terms and conditions set forth in this Agreement, CITY and TOWN may elect to buy and/or sell P credits and use them as offsets to comply with the "no net loading" effluent limitation for total phosphorus contained in each of CITY and TOWN's NPDES permits

B. Purchase Process

1. Each at its own discretion, TOWN or CITY may elect to buy or sell Active P credits at any time during the year, for the TOWN, at the discretion of the TOWN

Public Works Director, and for the CITY at the discretion of the CITY Water Director.

2. Whenever feasible, Active P credits with the shortest credit life and/or those Active P credits nearest to expiration will be bought and sold first; provided however, that nothing shall preclude the buying or selling of other Active P credits.
3. Either TOWN or CITY may file a formal request for purchase with the other party. The Credit Seller must then respond within 14 (fourteen) calendar days to the Credit Buyer with an approval, denial or other response pertaining to the Active P credit purchase request.
4. Once the Credit Seller approves the request for purchase of Active P credits, the Credit Buyer shall prepare and submit a Credit Trade Notice with the Regional Board pursuant to Section 9.4 of the Permit WQTF.
5. . TOWN and CITY shall coordinate efforts to ensure that P credits are appropriately registered and tracked by the Regional Water Board or qualified third-party designee pursuant to Section 9.5 of the Permit WQTF

C. Credit Valuation and Payment

1. Each Active P credit shall be assigned a value based on the generating project cost per credit received. For example, a $50,000.00 project that generated 1,000 P credits will result in a P credit value of $50.00 per credit.
2. For purposes of buying and selling Active P credits, each active P credit shall be assessed an administrative fee equal to 20% of the value of that Active P credit to account for staff time and other resources expended by the Credit Seller in relation to the credit generation and trading process. For example, an Active P credit valued at $50.00 will have a $10.00 associated administrative fee, resulting in a $60.00 per credit trading value.
3. Timing of Payments. Unless otherwise noted in this Agreement, payments shall be made within sixty (60) days of presentation of an invoice by the Credit Seller.

5. ASSIGNMENT AND DELEGATION

A. Consent: Neither of the PARTIES shall assign, delegate, sublet, or transfer any interest in or duty under this Agreement without the prior written consent of the other, and no such transfer shall be of any force or effect whatsoever unless and until the other party shall have so consented. Nothing in this provision shall limit the PARTIES' ability to transfer Active P credits, to the extent it is permitted to do so by the Regional Water Board in accordance with the WQTF.

6. METHOD AND PLACE OF GIVING NOTICE, SUBMITTING BILLS, AND MAKING PAYMENTS

A. Method of Delivery: All notices, invoices, and payments shall be made in writing and shall be given by personal delivery, U.S. Mail, courier service, or electronic mail (sender receipt requested). Notices, bills, and payments shall be addressed as specified in Paragraph 5. C.

B. Receipt: When a notice, invoice, or payment is given by a generally recognized overnight courier service, the notice, invoice, or payment shall be deemed received on the next business day. When a copy of a notice, invoice, or payment is sent by electronic means, the notice, bill, or payment shall be deemed received upon transmission as long as (1) the original copy of the notice, invoice, or payment is deposited in the U.S. mail and postmarked on the date of the electronic transmission (for a payment, on or before the due date), (2) the sender has a written confirmation of the electronic transmission, and (3) the electronic transmission is transmitted before 5 p.m. (recipient's time). In all other instances, notices, invoices, and payments shall be effective upon receipt by the recipient.

C.

CITY:	Attention: Director – Santa Rosa Water City of Santa Rosa 69 Stony Circle Santa Rosa, CA 95401
TOWN:	Attention: Public Works Director Town of Windsor PO Box 100 Windsor, CA 95492

7. **INDEMNIFICATION**

A. If any party fails to maintain compliance status under the WQTF, NPDES permit or other regulatory action, then:

1. TOWN shall indemnify and defend CITY from and against any claim against the CITY caused by or arising out of the failure to obtain Active P credits by TOWN to meet such offset standards and shall reimburse the CITY for all out-of-pocket costs incurred by CITY as a result of such failure.
2. CITY shall indemnify and defend TOWN from and against any claim against the TOWN caused by or arising out of the failure to obtain Active P credits by CITY to meet such offset standards and shall reimburse the TOWN for all out-of-pocket costs incurred by TOWN as a result of such failure.

B. CITY shall indemnify, hold harmless, defend, and release TOWN, its agents and employees from any and all liability, actions, claims, damages, costs or expenses, including attorney's fees and costs and expenses of suit that may be asserted by any person arising out of or in connection with the action or inaction of CITY in the course of the performance of this agreement where CITY is actively negligent, and TOWN is passively negligent.

C. TOWN shall indemnify, hold harmless, defend, and release CITY, its agents and employees from any and all liability, actions, claims, damages, costs or expenses, including attorney's fees and costs and expenses of suit that may be asserted by any person arising out of or in connection with the action or inaction of TOWN in the

course of the performance of this agreement where TOWN is actively negligent, and CITY is passively negligent.

D. CITY shall indemnify, hold harmless, defend, and release TOWN, its agents and employees from any and all liability, actions, claims, damages, costs or expenses, including attorney's fees and costs and expenses of any enforcement action that may be asserted by the Regional Board against the CITY arising out of or in connection with the Active P Credits reflected on Exhibit B or any other Active P Credits the CITY sells to the TOWN.

E. The indemnification obligations set forth in this Agreement shall not be limited in any way by any limitation on the amount or type of damages or compensation payable to or for the indemnifying party under workers' compensation acts, disability benefit acts, or other employee benefit acts.

8. **TERMINATION**

A. This Agreement may be terminated by either CITY or TOWN after providing 90 days' advance written notice to the other.

B. Notwithstanding any other provision of this Agreement, should either party fail to perform any of its obligations hereunder, within the time and in the manner herein provided, or otherwise violate any of the terms of this Agreement, the other party may terminate this Agreement by giving the other party sixty (60) days' written notice of such termination, stating the reason for termination.

C. Notwithstanding any other provision of this Agreement, in the event of unforeseen circumstances that make performance under this Agreement impracticable, including, but not limited to, earthquake, flood, or other natural disaster; major operational problems; an act of God, terrorism, war, or insurrection; or unforeseen changes in regulatory requirements, either party may terminate this Agreement by giving the other party sixty (60) days' written notice of such termination, stating the reason for termination.

9. **MEDIATION OF DISPUTES**

A. If a dispute arises out of or relates to this Agreement, or an alleged breach of it, and if the dispute cannot be settled through negotiation, TOWN and CITY agree to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Rules, with the following exceptions to those Rules:

1. The mediation shall be conducted at Santa Rosa, California.
2. Unless otherwise agreed in writing by all parties participating in the mediation, the mediation shall be concluded no later than ninety (90) days after initiation of the mediation.
3. Not later than thirty (30) calendar days after initiation of mediation, the parties shall exchange all relevant non-privileged documents.
4. Any mediation proceeding shall be confidential and shall not be admissible in a subsequent proceeding. If any party commences a court action based on a dispute or claim to which this section applies without first attempting to resolve the

matter through mediation, then the other party may apply to such judge for an order staying the court action pending mediation.

10. **AMENDMENT**

A. This Agreement may be amended by mutual written agreement.

11. **MISCELLANEOUS PROVISIONS**

A. No Waiver of Breach. The waiver by either of the PARTIES of any breach of any term or promise contained in this Agreement shall not be deemed to be a waiver of such term or promise or any subsequent breach of the same or any other term or promise contained in this Agreement.

B. Construction. To the fullest extent allowed by law, the provisions of this Agreement shall be construed and given effect in a manner that avoids any violation of statute, ordinance, regulation, or law. The PARTIES covenant and agree that in the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby. CITY and TOWN acknowledge that they have each contributed to the making of this Agreement and that, in the event of a dispute over the interpretation of this Agreement, the language of the Agreement will not be construed against one party in favor of the other. CITY and TOWN acknowledge that they have each had an adequate opportunity to consult with counsel in the negotiation and preparation of this Agreement.

C. Consent. Wherever in this Agreement the consent or approval of one party is required to an act of the other party, such consent or approval shall not be unreasonably withheld or delayed.

D. No Third-Party Beneficiaries. Nothing contained in this Agreement shall be construed to create and the parties do not intend to create any rights in third parties.

E. Applicable Law and Forum. This Agreement shall be construed and interpreted according to the substantive law of California, regardless of the law of conflicts to the contrary in any jurisdiction. Any action to enforce the terms of this Agreement or for the breach thereof shall be brought and tried in Santa Rosa or in the forum nearest to the City of Santa Rosa, in the County of Sonoma.

F. Merger. This writing is intended both as the final expression of the Agreement between the PARTIES hereto with respect to the included terms and as a complete and exclusive statement of the terms of the Agreement, pursuant to Code of Civil Procedure section 1856. Each of the PARTIES acknowledges that, in entering into this Agreement, it has not relied on any representation or undertaking, whether oral or

in writing, other than those which are expressly set forth in this Agreement. No modification of this Agreement shall be effective unless and until such modification is evidenced by a writing signed by both PARTIES.

G. Captions. The captions in this Agreement are solely for convenience of reference. They are not a part of this Agreement and shall have no effect on its construction or interpretation.

H. Survival of Terms. All express representations, waivers, indemnifications, and limitations of liability included in this Agreement will survive its completion or termination for any reason.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as set forth below.

Reviewed as to substance by the City of Santa Rosa:

_____
Department Head

Reviewed as to substance by the Town of Windsor:

_____
Public Works Director

Reviewed as to form by City of Santa Rosa Counsel:

_____
City Counsel

Reviewed as to form by Town Attorney:

_____
Town Attorney

Attest:

_____
City Clerk

Attest:

_____
Town Clerk

CITY OF SANTA ROSA

By: _____

TOWN OF WINDSOR

By: _____

Chair, Board of Directors	Town Manager
Date: _____	Date: _____

EXHIBIT A

ATTACHMENT I
to
NPDES PERMIT NO. R1-2020-0012

Water Quality Trading Framework for the Laguna de Santa Rosa Watershed

Table of Contents

Introduction

The purpose of this document is to provide a framework for the implementation of water quality trading (WQT) activities in the Laguna de Santa Rosa (Laguna) watershed (hereinafter "this Framework" or "this WQT Framework"), where such activities are explicitly allowed under National Pollutant Discharge Elimination System (NPDES) permits adopted by order of the North Coast Regional Water Quality Control Board (Regional Water Board).

This Framework seeks to provide NPDES permittees with cost-effective and environmentally beneficial options for complying with effluent limitations for specifically named pollutant discharges to surface waters. Environmentally beneficial compliance options allowed under this Framework include restoration projects that support and/or enhance instream conditions, habitat quality, and ecological functions.

Foundational References

This WQT Framework draws heavily from the following foundational reference materials:

- U.S. Environmental Protection Agency *Water Quality Trading Policy*, dated January 13, 2003. (a.k.a. 2003 USEPA Trading Policy)
- *Building a Water Quality Trading Program: Options and Considerations*; a product of the National Network on Water Quality Trading, dated June 2015. (a.k.a. National Network's *Options and Considerations* document)
- *Water Quality Trading Framework for the Laguna de Santa Rosa Watershed*; technical report prepared for Sonoma Resource Conservation District by Kieser & Associates, LLC, dated September 2015. (a.k.a. Local Stakeholder Recommendations)
- *The Water Quality Trading Toolkit*; created by the Association of Clean Water Administrators and Willamette Partnership, dated August 2016. (a.k.a. ACWA Trading Framework Template)

Guiding Principles

While this Framework details the basic processes and requirements for facilitating WQT within the Laguna watershed, individual trades may introduce unique circumstances and challenges. Should questions arise about the intent of this Framework's provisions, its users should defer to these guiding principles, as well as those provided in the Local Stakeholder Recommendations:

- Activities conducted pursuant to this WQT Framework must be supported by sound science and effectively accomplish regulatory and environmental goals.

- WQT activities must provide sufficient accountability, transparency, accessibility, and opportunities for public involvement to ensure that promised water quality improvements are delivered.
- The benefits of WQT must be realized without allowing adverse water quality impacts associated with credit-generating actions to occur in place, in kind, or in time.
- WQT activities must adhere to all applicable laws, including the federal Clean Water Act, the California Porter-Cologne Water Quality Control Act, and local laws.

1. Policy & Regulatory Instruments to Support Trading

1.1 Authority for Water Quality Trading in California

The Regional Water Board's authority to utilize WQT as a means of controlling pollution in California is derived from federal and state laws and policies. Those laws and policies are enumerated in the Regional Water Board resolution and the administrative record that supports the use of this WQT Framework (Resolution No. R1-2018-0025).[1]

1.2 Regulatory Instruments to Support Trading

This WQT Framework may be utilized by dischargers whose NPDES permits explicitly allow the use of nutrient offsets or pollutant credit trading as a means for complying with specific effluent limitations.

1.3 Public Involvement

In order to ensure public accountability, transparency, and accessibility during the implementation of this Framework, the following opportunities for public involvement are provided:

- Minimum 30-day public review, opportunity to comment, written response, and public hearing prior to the Regional Water Board's adoption of NPDES permits authorizing the use of nutrient offsets or pollutant credit trading as a compliance option. This 30-day public review shall also serve as the minimum 30-day public review, opportunity to comment, written response, and public hearing prior to the Regional Water Board's approval or subsequent renewal of this WQT Framework within NPDES permits;

[1] Resolution R1-2018-0025 and supporting documents provide support for the adoption of a WQT Framework within NPDES permits. The Framework included within adopted NPDES permits is the operative WQT Framework for compliance purposes, not the Framework described in Resolution R1-2018-0025.

- Minimum 30-day public review and opportunity to comment prior to the Regional Water Board Executive Officer's approval of supporting documentation for: 1) practices to be pre-qualified under this Framework (Section 2.4.2); and 2) projects proposed without a prequalified practice (Section 7.4);
- Public notification and release (online) of the Regional Water Board Executive Officer's approval of Credit Project Plans and relevant project information within one week of approval (Section 7.2 or Section 7.4);
- Public notification and release (online) of key documents and reports related to project implementation and verification within one week (Section 8); and
- Public notification and release (online) of key documents and notices related to credit certification and credit tracking within one week (Section 9).

Nothing in this section shall be construed to alter in any way the statutory requirements of the Regional Water Board to provide opportunities for public review and comment on official permitting, enforcement, and/or other regulatory actions.

All documents submitted to the Regional Water Board pursuant to this Framework should comply with the most current online accessibility requirements of the Regional Water Board. Regional Water Board staff will provide all parties submitting such documents with the most current accessibility requirements upon request.

1.4 Regional Water Board Authority to Audit

Because this WQT Framework represents an option for complying with effluent limitations in NPDES permits issued by the Regional Water Board, and because the Regional Water Board has the authority to determine compliance with permits it issues, all activities conducted (and records generated) under the terms of this Framework shall be subject to audit and inspection by Regional Water Board staff. Additional information about the Regional Water Board's permit compliance and enforcement authorities is provided in Section 10 below.

2. Trading Basics

2.1 Types of Trades

This Framework allows trading of pollutant credits (hereinafter "water quality credits").

2.2 Trading Parties

This Framework generally supports trading of water quality credits between NPDES permittees (i.e., point source dischargers or credit buyers) and unregulated nonpoint sources (i.e., credit generators or sellers). However, nothing prohibits point source dischargers from trading water quality credits amongst themselves (e.g., the City of Santa Rosa selling credits to the Town of Windsor), or an entity from generating water quality credits for its own use (e.g., the City's municipal parks department generating credits to be used by the City's NPDES permitted wastewater treatment facility), provided all other eligibility criteria and Framework requirements are met. Trading eligibility criteria are described in Section 3 below.

2.3 Credit Units – Place, Kind, and Time

Water quality credits may be generated, bought, sold, and used under this Framework in the Laguna de Santa Rosa watershed in Sonoma County, CA. The 254 square-mile watershed consists of all areas drained by the Laguna de Santa Rosa, Santa Rosa Creek, and Mark West Creek, which collectively drain into the Russian River. A map of the trading area is presented in Figure 2.3 below.

This Framework supports trading of water quality credits for one pollutant only, total Phosphorus, on a mass basis. Credits are generated through approved Phosphorus reduction or removal actions. One credit is equal to one pound of total Phosphorus.

Water quality credits generated under this Framework are available to offset pollutant discharges that occur during a single discharge season.

Therefore, water quality credits generated under this Framework have units of pounds of Phosphorus per discharge season within the Laguna de Santa Rosa watershed and such credits can only be used to offset discharges that can be expressed in those same units.

Additional information about credit characteristics is provided in Section 6 below.

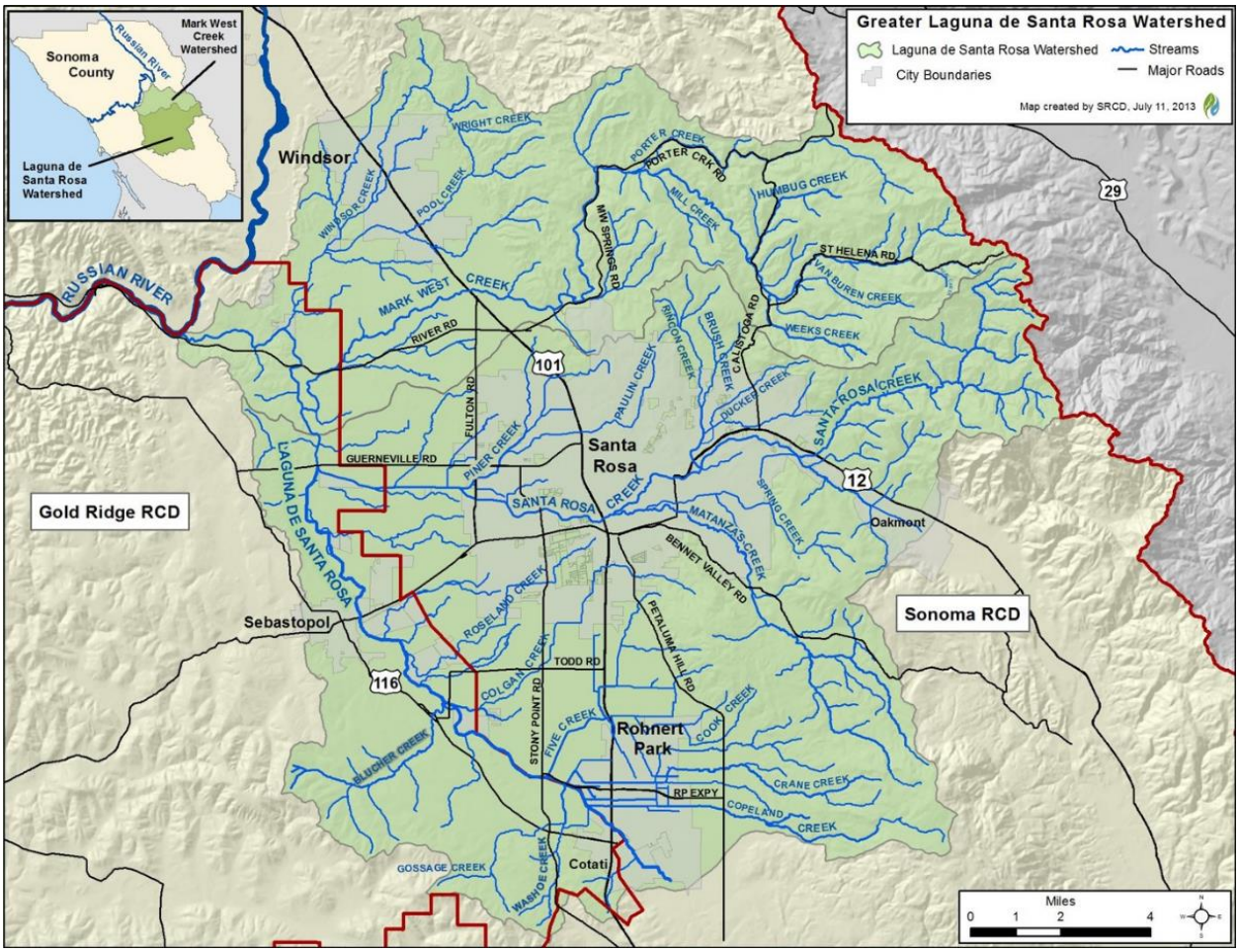

Figure 2.3. Trading Area for the Laguna de Santa Rosa WQT Framework[2]

2.4 Approved / Pre-qualified Practices

Except for practices and projects described in Section 7.4, supporting documentation for all practices used to generate water quality credits under this Framework must first be subject to public review and be approved by the Regional Water Board Executive Officer. Once approved, the practices (and associated credit quantification methods) shall be considered pre-qualified for future use on a project-scale, as will be described in Credit Project Plans (Section 7.1). To ensure transparency, the Regional Water Board will maintain a current and publicly-accessible list of pre-qualified practices as well as the approved supporting documentation for those practices on its website.

[2] Map copied from *Water Quality Trading Framework for the Laguna de Santa Rosa Watershed*; technical report prepared for Sonoma Resource Conservation District by Kieser & Associates, LLC, dated 2015. (a.k.a. Local Stakeholder Recommendations)

2.4.1 Supporting Documentation for Pre-qualified Practices

As mentioned above, in order to be considered pre-qualified for use on a project-scale, each practice proposed as the basis for water quality credit generation must be characterized by supporting documentation. The supporting documentation should establish the standards of quality, predictability, effectiveness, and transparency that will guide site-specific implementation of the practice in question and quantification of the water quality credits to be generated. Supporting documentation for each practice may vary based on the nature of the practice, but should generally include the following:

Practice Standards

- Description of the practice and its purpose;
- Description of where the practice should be applied (i.e. appropriate site conditions);
- Guidelines and performance standards for design, installation, and maintenance;
- Potential side effects, interactions, and additional benefits of the practice;
- Practice-specific baseline requirements (Section 3.2.2), maximum project life (Section 6.1), and applicable trading ratio (Section 5); and
- Monitoring requirements as needed to support practice implementation (Section 11.2).

Credit Quantification Methods

- Description of predicted practice effectiveness, as supported by site-specific analysis or literature;
- Technical summary of the method by which water quality credits will be calculated (i.e., credit quantification method), and a description of the method's accuracy, sensitivity, and uncertainty;
- Monitoring required to support the accurate use of the credit quantification method;
- Procedures for applying the credit quantification method and documentation requirements; and
- Date or version number of the credit quantification method, and identifying information for the method's developer.

Project Review / Verification Procedures

- Recommended procedures for pre- and post-project site condition assessments, monitoring, and project verification activities;
- Recommended documentation and reporting for pre- and post-project site condition assessments, monitoring, and project verification activities; and
- Recommended conditions / schedule for credit release (if applicable).

Where professional certification or special expertise is necessary for the design, installation, maintenance, credit quantification, or verification of a particular practice, the supporting documentation for that practice should describe such requirements.

Additional information about credit quantification methods is provided in Section 4 below. Additional information about documenting pre- and post-project site conditions is provided in Section 8.1. Additional information about initial and ongoing project verification requirements is provided in Sections 8.2 and 8.3, respectively.

2.4.2 Process for Approving Pre-qualified Practices

The process for approving (or pre-qualifying) a practice for use under this WQT Framework is as follows.

Step 1: Preparation and Submittal of Supporting Documentation
New and/or updated practices may be proposed by any entity at any time for pre-qualification under this WQT Framework. Supporting documentation for each practice (described in Section 2.4.1 above) must be prepared and submitted to Regional Water Board staff, along with a request to initiate the approval process described herein.

Step 2: Initial Screening / Completeness Review
Regional Water Board staff will perform an initial screening of the request for approval and supporting documentation for the proposed practice to verify completeness, and will solicit technical input and/or additional information from the proposal submitter (and others) as needed.

Step 3: Staff Review and Recommendation
Once the request for approval and supporting documentation have been determined to be complete, Regional Water Board staff will review the package in a timely manner, and will prepare a recommendation for approval or denial of the proposal. A recommendation for approval may be accompanied by conditions of approval. A recommendation for denial shall be accompanied by reasons for the denial.

Step 4: Staff Concurrence, Public Notice and Comment
If Regional Water Board staff recommends approval of the proposed practice, it will make available to the general public the request for approval, supporting documentation, and staff's recommendation (including any conditions of approval) for a minimum 30-day review and comment period. Regional Water Board staff will consider all comments received during the 30-day period, and may revise its recommendation (or conditions of approval) based on those comments.

If Regional Water Board staff recommends denial of the proposed practice, it will forward its recommendation (including reasons for denial) directly to the Regional Water Board Executive Officer.

Step 5: Final Decision / Addition to Pre-qualified Practice List
Regional Water Board staff will provide its final recommendation to the Executive Officer for his/her consideration and final decision. If the proposal is approved, the Executive Officer's notice of approval will be made available to the general public on the Regional Water Board's website and the practice will be placed on the pre-qualified practice list, along with the approved supporting documentation. If the proposal is denied, the notice of denial (including reasons for denial) will be made available on the website.

As suggested above, significant updates or revisions to supporting documentation for practices that have already been approved (i.e., practices that are already on the pre-qualified practice list) will follow the same process as for adding a new practice. Practice revisions may be triggered by a variety of events, including local lessons learned or the release of new information such as monitoring results, standards updates, or new findings in scientific literature. For purposes of this provision, the Regional Water Board Executive Officer has the discretion to determine what constitutes a significant update or revision.

3. Trading Eligibility Criteria

3.1 Eligibility for Trading Parties

The following subsections outline the basic eligibility criteria that credit buyers and sellers must meet in order to participate in WQT under this Framework.

3.1.1 Credit Buyers

As stated in Section 1.2 above, this WQT Framework may be utilized by dischargers whose NPDES permits explicitly allow the use of nutrient offsets or pollutant credit trading as a means for complying with specific effluent limitations. For purposes of this Framework, such dischargers shall be referred to as "credit buyers" and shall be considered eligible to buy and/or use water quality credits to meet their compliance obligations, provided that all other permit and Framework requirements are met.

3.1.2 Credit Sellers

Any entity, public or private, landowner or operator, regulated or unregulated, may generate water quality credits to be sold and/or used under this WQT Framework, provided that all applicable Framework requirements and other obligations are met. For purposes of this Framework, such an entity shall be referred to as a "credit seller."

Other obligations may include, but not be limited to: applicable permit requirements, federal anti-backsliding provisions, federal and state anti-degradation policies, and any other affirmative statutory, regulatory, or contractual obligations.

3.2 Eligibility Criteria for Credit-Generating Projects

Under this Framework, a pollutant reduction or removal action is eligible to generate water quality credits as long as it is not otherwise required. That is, any action already required by law, regulation, permit, enforcement action, or any other legally binding agreement is not eligible to generate credits.[3] On the contrary, actions taken voluntarily are eligible. The following subsections describe additional considerations relative to the eligibility of actions to be undertaken in credit-generating projects.

3.2.1 Avoiding Localized Impacts

Consistent with the guiding principles listed in the Introduction section above, actions taken to generate credits under this Framework must provide water quality benefits that are equal to or greater than the pollutant discharges they are meant to offset in place, in kind, and in time. “In time” will be considered satisfied if credits are generated and used consistent with the credit banking provisions set forth in this Framework. Furthermore, there can be no significant, adverse localized impacts as a result of a credit trade. Each Credit Project Plan (Section 7.1 and/or Section 7.4) shall be reviewed by Regional Water Board staff for adherence to these general criteria, to state and federal endangered species protection laws, and to state and federal environmental review laws (i.e., California Environmental Quality Act (CEQA) and National Environmental Protection Act (NEPA)).

3.2.2 Baseline Requirements for Credit-Generating Projects

For purposes of this WQT Framework, baseline shall be defined as the minimum level of effort or level of implementation that must be achieved before a project is eligible to generate credits. Depending on the nature of the credit-generating project, practice-specific baseline requirements may apply to the credit buyer, the credit seller, the project itself, the project site, or a combination thereof. Baseline requirements for every project must be specified in the approved Credit Project Plan (Section 7.1 and/or Section 7.4).

Consistent with the guiding principles listed in the Introduction section above, baseline requirements for projects conducted under this Framework shall at least correspond to the minimum requirements of any applicable laws, regulatory requirements, or other affirmative obligations such as those established in permits, easements, deed

[3] This provision includes, but is not limited to, any requirement imposed by the Regional Water Board or by another regulatory agency.

restrictions, and/or other binding contracts. Where no such requirements exist, baseline shall at least be equivalent to current conditions or practices at the project site, based on the prior three-year history of the property or operation.

Where approved credit-generating projects take place on lands subject to regulatory requirements, those requirements will be added to the defined baseline for the practices used. Thus, only voluntary actions that are above and beyond what is minimally required, or that take place prior to the adoption of a regulatory mechanism that requires those actions, shall be eligible to generate credits. For projects implementing practices that later become baseline requirements due to the effects of new or expanding regulatory programs, credits generated by those practices shall be honored for the approved project life (Section 6.1), but may not subsequently be renewed (Section 6.3).

3.2.3 Applied Timing of Baseline Requirements

All applicable baseline requirements must be met before any approved project is allowed to generate credits under this WQT Framework. This provision shall not prevent credit buyers or sellers from simultaneously implementing baseline requirements and credit-generating project components.

3.2.4 Applied Location of Baseline Requirements

Baseline requirements shall apply to the individual project site where an approved credit-generating project is being undertaken. However, the implementation of a credit-generating project at one location on a property shall not be allowed to result in the degradation of environmental conditions at another location on the property.

3.2.5 Timing of Framework Applicability

Immediately following the approval of this Framework by the Regional Water Board, projects are eligible to generate credits pursuant to its terms. Projects previously approved under the Santa Rosa Nutrient Offset Program (Regional Water Board Order No. R1- 2008-0061) shall be considered eligible under this Framework to continue generating credits according to terms under which those projects were originally approved and for their approved project lives.

3.2.6 Use of Public Conservation Funds

Under this WQT Framework, the use of public conservation funds[4] to implement credit-generating projects is not prohibited, provided the funding entity's requirements are met and provided proportional accounting is used to allocate the credits generated by the project to each funding source. Proportional accounting shall apply to costs associated with the following phases of a credit-generating project: Credit Project Plan development, project implementation, maintenance, verification, monitoring and reporting.

The use of proportional accounting may affect the number of credits a credit seller may sell or a credit buyer may use. For example, if half the cost of a credit-generating project is paid for using public conservation funds, then only half the credits generated by that project shall be available to sell to the credit buyer.

Alternatively, if a credit seller uses public conservation funds to meet baseline requirements for a particular credit-generating project, and the seller uses private funds to implement all other aspects of the project that exceed baseline requirements, then all of the credits generated by that project shall be available to sell to the credit buyer.

In any case involving the use of public conservation or any other externally-derived funds to generate credits under this WQT Framework, it is the obligation of the trading parties to know and adhere to the funding entity's requirements.

3.2.7 Credit Stacking

Credit stacking refers to the generation of credits for multiple environmental markets (e.g. compensatory wetland mitigation, carbon sequestration and/or Phosphorus credits) from a single project. Under this WQT Framework, credit stacking is allowed with proportional accounting. That is, a project is allowed to generate multiple types of credits, but those credits must be accounted for and sold (or used) proportionately. For example, if a project generates both wetland and Phosphorus credits, and the credit seller sells 60% of the project's wetland credits, only 40% of the Phosphorus credits from that project can also be sold. Details of any credit stacking proposal must be specified in the approved Credit Project Plan (Section 7.1) and subsequently verified pursuant to the provisions of Sections 8.2 and 8.3 below.

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[4] Public conservation funds include those targeted to support voluntary natural resource protection, enhancement and/or restoration, with a primary purpose of creating, restoring, enhancing or preserving water quality, healthy soils, habitats or ecological functions. Public loans intended to be used for capital improvements of public water or wastewater systems (e.g., Clean Water State Revolving Funds and USDA Rural Development funds) and utility storm water and surface water management fees are not considered public funds dedicated to conservation.

4. Quantifying Pollutant Reductions for Water Quality Credits

As described in Section 2.4 above, credit quantification methods must be included in the supporting documentation for pre-qualified practices and Combined Qualified Practice and Credit Project Plans (as described in Section 7.4) and will be approved on a case-by-case basis. Once approved, credit quantification methods for those practices shall be considered pre-qualified for future use.

Appropriate methods for quantifying water quality credits may include the use of models (mechanistic or empirical), pre-established pollution reduction rates (from experimentation or scientific literature), direct monitoring, or a combination of the above. Models and pre-established rates, if used, should be calibrated or otherwise tuned to local conditions. In general, for this WQT Framework, methods used to quantify water quality credits should rely on best available science, and should demonstrate accuracy, repeatability, sensitivity, transparency, and practicality.

5. Trading Ratios

The default trading ratio for this WQT Framework is 2.5:1. That is, in any given discharge season, if a discharger wishes to use water quality credit trading to comply with the “no net loading” effluent limitation for total Phosphorus in its NPDES permit, it must generate or purchase water quality credits equivalent to 2.5 times the amount of total Phosphorus that it discharges. The trading ratio is the sum of two factors, both of which are applied to increase the amount of credits needed by the discharger:

- *Uncertainty ratio*: A ratio that accounts for scientific uncertainty, including potential inaccuracies in estimation methods and/or variability in project performance.
- *Retirement ratio*: A ratio that sets aside a portion of credits generated for net environmental benefit.

Table 5.1 summarizes the ratio(s) that will be applied to all trades under this WQT Framework.

Table 5.1. Applicable Trading Ratios

Ratio Type	Multiplier	Description
Uncertainty	2.0	A factor of 2.0 accounts for all potential sources of variability and uncertainty, including the following factors that may affect credit estimation:† - Average site conditions - Meteorological phenomena - Practice efficiency rates - Practice maturation rates - Pollutant equivalencies - Pollutant transport, delivery, and attenuation characteristics
Retirement	0.5	A factor of 0.5 is recommended to ensure that all trades generate a net water quality benefit.
TOTAL	**2.5 : 1**	

† Note: Uncertainty associated with pollutant discharge estimates is not explicitly accounted for in this ratio because discharges from wastewater treatment facilities are assumed to be reasonably accurate.

5.1 Trading Ratio Reduction Criteria

The Regional Water Board Executive Officer shall approve a reduction of the retirement ratio specified above to be adjusted downward by as much as 0.5 for a particular trade if it has been demonstrated that the conditions in (a) or (b) below are met:

a. When a credit-generating project is explicitly designed to enhance environmental values (e.g., habitat or ecosystem restoration, recognized priority or multi-benefit actions); or

b. When a credit-generating project occurs on permanently protected lands.

The Regional Water Board Executive Officer shall approve a reduction of the uncertainty ratio specified above by as much as 0.5 for a particular trade if it has been demonstrated that the conditions in (c) below are met:

c. When a credit-generating project includes direct measurement of pollutant reductions.

Table 5.2 summarizes the above criteria for reduced trading ratios.

Table 5.2. Trading Ratio reduction criteria, types, and amounts.

Ratio Type	Base Ratio	Maximum Reduction	Criteria for Reduction
Retirement Ratio	0.5	0.5	The maximum reduction can be achieved by meeting criteria in (a) or (b)
Uncertainty Ratio	2.0	0.5	The maximum reduction can be achieved by meeting criteria in (c)

Design elements of a credit-generating project that explicitly enhance environmental values include, but are not limited to, elements that change factors that influence how Phosphorus is processed within a particular water body. These factors include, but are not limited to, water temperature, riparian cover density and/or height, vegetation extent, vegetation composition, channel geometry, channel network configuration, and stream flow levels and/or timing.

Factors that indicate environmental values are being enhanced include, but are not limited to, expected improvements to concentrations of Dissolved Oxygen and pH levels and other observable phenomena such as decreased macrophyte and algae blooms, decreased concentrations of chlorophyll-a (a measure of algal biomass), and/or beneficial changes in the species composition of plant and animal communities that occupy the water body.

A credit-generating project on permanently protected lands is eligible for the retirement ratio reduction where the project's benefits will continue indefinitely regardless of any change of ownership, operation, or use of the land. Mechanisms that can permanently protect lands include, but are not limited to, public ownership, permanent conservation easements, and land_use covenants (examples include, but are not limited to, written instruments and agreements restricting land uses, including easements, servitudes, and other land use restrictions).

6. Credit Characteristics & Accounting Conventions

The following credit characteristics and accounting conventions shall apply to all credits generated under this WQT Framework.

6.1 Project Life

"Project life" is defined as the period of time over which a project is anticipated to generate usable water quality credits. The life of a credit-generating project often spans a number of years. The credits generated by that project shall be distributed uniformly over those years, unless otherwise specified, and can be used immediately or over time, as specified in the credit release schedule included in the approved Credit Project Plan (Section 7.1 and/or Section 7.4). Credit release schedules must provide reasonable justification for the timing of the release of credits. No credits may be released after the project life has ended unless the project has been renewed as discussed in Section 6.3. Projects can change over time, and any changes to project life, the credit generation, and credit release elements should be requested in writing for consideration and approval by the Executive Officer.

Projects may implement multiple practices in which case each practice shall have its own project life.

For purposes of this Framework, project life shall be allowed to vary based on the specific nature of the project, the project site, the practice(s) used, and on the expressed preferences of the credit buyer and seller. In general, relatively short project lives (i.e., 5 years or less) are appropriate for less permanent practices, or for those expected soon to become subject to new regulatory requirements, such as land management practices associated with agricultural operations. Longer project lives are appropriate for more permanent, longer-lasting practices, such as riparian restoration or upgrades to roads, fences, and drainage facilities. Project life shall be specified in each approved Credit Project Plan and will be evaluated on a case by case basis. This Framework does not prescribe a maximum project life.

6.1.1 Permanently Protected Environmental Enhancement Projects

Projects that attain a higher standard by meeting both criteria (a) and (b) for reducing the retirement ratio as described in Section 5 will be classified as a Permanently Protected Environmental Enhancement Project (PPEEP). PPEEPs are exceptional projects because they occur on permanently protected lands and are explicitly designed to enhance environmental values. As such, PPEEPs will be granted permanent project lives, obviating the need to renew the project (Section 6.3) and allowing credits generated from the project to be banked until they are used or until the credits are suspended or cancelled (Section 9.3). All credits generated from PPEEPs may be banked for the duration of the project life regardless of the practice that generated the credits, provided that the project is verified to be functioning as designed (Section 8).

Conditions under which credits generated by a PPEEP may be suspended or cancelled include (1) a material failure of the project (as described in Section 8.3) that the Executive Officer determines cannot be corrected, or (2) the lands are no longer permanently protected (Section 5). Project and credit verification for PPEEPs must occur as identified in the prequalified practice and/or in approved Credit Project Plan documents for credits to continue to be generated and/or be banked.

6.2 Banking Credits for Later Use

"Banking" is the generation of a water quality credit in one time period with the intention that it be used to offset a discharge in another (future) time period. All certified credits are considered active until used, retired, or suspended or cancelled per section 9.3. A banked credit is an active credit that has not been used, retired, or suspended or cancelled. Under this WQT Framework, the "banking period" is the timeframe over which a credit shall be allowed to be banked. The minimum banking period for any credit generated under this WQT Framework is three years[5].

If credits are derived from projects that receive a reduced retirement ratio under Section 5 (e.g., habitat or ecosystem restoration, recognized priority or multi-benefit actions, project occurs on permanently protected lands), then the banking period may be for the duration of the project life, i.e. up to the date of project expiration (Section 6.3). Credits generated from a project using different practices may be assigned different banking periods which are dependent upon the practice.

For example, if the banking period were three years, a water quality credit generated during the summer preceding the 2020/21 discharge season may be used to offset a discharge in the 2020/21, 2021/22, or 2022/23 discharge season. In another example, credits generated during the summer preceding the 2020/21 discharge season from a project with a reduced retirement ratio and with a life of 10 years may be used to offset a discharge during any discharge season through 2029/30.

Any credits that remain unused after the allowable banking period shall be retired for environmental benefit. For purposes of this provision, credit-generating actions must take place before the discharges they are used to offset occur. Table 6.1 summarizes how credit banking and project renewal are linked to the retirement ratio.

[5] For the purposes of credit banking, years and discharge seasons are synonymous.

Table 6.1. Summary of the criteria associated with different banking periods.

Project Designed to Enhance Environmental Values	Project on Permanently Protected Lands	Credit Banking Period
No	No	Not less than 3 years
Yes	No	Duration of project life, and not less than 3 years
No	Yes	Duration of project life, and not less than 3 years
Yes	Yes	Duration of project life (indefinite)

6.3 Project Expiration and Renewal

Under this WQT Framework, once a credit-generating project reaches the end of its specified project life, it shall be considered expired and no longer able to generate credits. However, where such a project continues to function, is properly maintained, and meets all eligibility criteria and Framework requirements that are in effect at the time, it may be renewed and allowed to generate additional credits. Credits generated before a project is renewed can be banked for the renewed project's life only if the project received a reduced retirement ratio. The process for renewing an expired project shall be the same as the process for approving a new project (Section 7.2 and/or Section 7.4).

7. Project Planning, Pre-Screening, & Approval

7.1 Credit Project Plans

All the documentation necessary to approve a credit-generating project under this WQT Framework must be submitted in a Credit Project Plan, which contains relevant project design, implementation, maintenance, monitoring, and credit information as detailed below. Except for practices and projects described in Section 7.4, only practices that have been pre-qualified under the terms of Section 2.4 of this Framework may be proposed for credit generation.

Credit Project Plans must be prepared by qualified individuals[6] who can properly select practice(s) for use at a particular site, and incorporate them into a project design. Consistent with the guiding principles listed in the Introduction section above, all Credit Project Plans should be designed with the primary goal of improving water quality, and should be sufficiently detailed to allow plan reviewers to understand the nature of the proposed project, its conformance with applicable Framework provisions, and the anticipated water quality credits to be generated. Approval of a credit-generating project is contingent upon the Credit Project Plan being complete and sufficiently detailed. Credit Project Plans should contain the following elements:

Basic Information

- Project name
- Date of submittal
- Project location
- Estimated size of the project area (e.g. number of acres or linear feet)
- Name of the project developer with organization and contact information
- Name of the initial owner of the water quality credits to be generated with organization and contact information

Project Design and Credit Information

- Project goals and/or objectives
- Description of the project site (e.g., ownership, land use history, current site conditions)
- Identification of practices to be used
- Description of anticipated project benefits beyond pollutant reductions (if any)
- Declaration of project eligibility with supporting documentation or discussion
- Description of applicable baseline requirements and a discussion of how those requirements have been or will be satisfied
- Designs and specifications
- Project implementation plan and/or construction schedule
- Site assessment procedures and reporting requirements (Section 8.1)

[6] Qualified individuals may include, but not be limited to the following: a Natural Resources Conservation Service certified planner, a local Resource Conservation District employee, a certified crop advisor, a certified erosion control specialist, a California licensed civil engineer or professional geologist, or other professional consultant. Supporting documentation for practices (Section 2.4.1) may specify when certified professionals or other experts are required for the design, installation, or maintenance of a particular practice.

- Identification of parties responsible for project implementation and site assessment
- Description of construction contracts or agreements
- Evidence or description of required permits and/or CEQA documentation
- Preliminary water quality credit calculations and proposed trading ratio, with justification if less than the default 2.5:1
- Disclosure of funding sources and proportional accounting estimates (if public conservation funds are used)
- Credit stacking proposal and proportional accounting estimates (if stacking is proposed)
- Proposed project life and credit release schedule
- Project design consultants (if any) with organization and contact information

Project Maintenance Plan

- Description of maintenance requirements
- Project maintenance activities and schedule
- Description of adaptive project management procedures
- Identification of parties responsible for project maintenance
- Description of maintenance contracts and legal project protection agreements[7]

Project Monitoring, Verification and Reporting Plan

- Description of monitoring, project verification, and reporting requirements (Sections 8.2, 8.3, and 11.2)
- Monitoring, project verification, and reporting schedule
- Identification of parties responsible for monitoring, project verification, and reporting
- Description of project verification contracts or agreements

7.2 Credit Project Plan Approval Process

Except for practices and projects described in Section 7.4, Credit Project Plans to be implemented under this WQT Framework must first be reviewed and approved according to the following process:

[7] Under this WQT Framework, legal project protection agreements must be established for all credit-generating projects that provide necessary access to and legal protection of the project area against other dissonant land uses for, at a minimum, the proposed project life. It is ultimately the credit buyer/user's responsibility to ensure (by contract or otherwise) that the projects upon which it relies for water quality credits are sufficiently maintained to generate those credits over their project lives.

Step 1: Preparation and Submittal of Proposed Credit Project Plan

A proposed Credit Project Plan (Section 7.1) must be prepared and submitted by a credit seller or its agent to Regional Water Board staff, along with a request to initiate the approval process described herein. The Credit Project Plan and request must be submitted at least 90 days prior to the proposed start of project construction.

Step 2: Initial Screening / Completeness Review

Regional Water Board staff will perform an initial screening of the proposed Credit Project Plan (and any supporting documentation) to verify completeness, and will solicit technical input and/or additional information from the credit seller, its agent, and others as needed.

Step 3: Staff Review and Recommendation

Upon determining the proposed Credit Project Plan is complete, Regional Water Board staff will review the Plan in a timely manner, and will prepare a recommendation for approval or denial of the Plan. A recommendation for approval may be accompanied by conditions of approval. A recommendation for denial shall be accompanied by reasons for the denial.

Step 4: Final Decision / Public Notice

Regional Water Board staff will provide its recommendation to the Regional Water Board Executive Officer for his/her consideration and final decision. The Executive Officer's final decision shall be made no later than 60 days following staff's determination that the proposed Credit Project Plan is complete. If the proposed Credit Project Plan is approved, the Executive Officer's notice of approval and relevant project information[8] will be made available to the general public on the Regional Water Board's website. If the proposed Credit Project Plan is denied, the notice of denial (including reasons for the denial) will be made available on the website.

[8] The Regional Water Board recognizes that some Credit Project Plans may contain confidential information. Public disclosure of portions of a Credit Project Plan that contains confidential information or trade secrets may be limited in accordance with applicable laws that provide for protection of the disclosure of such information. The credit seller or its agent must identify information that it asserts is exempt from public disclosure. When doing so, the seller or its agent must provide the Regional Water Board a copy of the complete Credit Project Plan and a copy with the portions it asserts are protected in redacted form.

7.3 Credit Project Pre-Screening Process (Optional)

Prior to incurring the expense of developing a complete Credit Project Plan and initiating the plan approval process described in Section 7.2 or Section 7.4, a credit seller or its agent may wish to have certain plan elements pre-screened by Regional Water Board staff for conformance with the provisions of this WQT Framework. Pre-screening is not required, but is encouraged for all projects, especially to confirm project eligibility and applicable baseline requirements. Other worthwhile topics for pre-screening may include: proposed project life, applicable trading ratio, preliminary credit estimates, and/or special conditions or circumstances associated with a particular project or site.

The optional process for project pre-screening may be more or less formal, depending on the preferences of the credit seller or its agent, and depending on the nature and extent of the information being pre-screened. Steps of the process may be carried out in writing or verbally. In general, the credit seller or its agent shall submit a request for pre-screening to Regional Water Board staff, along with any draft plan elements or other relevant documentation. Staff will review the materials submitted for conformance with the provisions of this WQT Framework, and consult with the credit seller or its agent (and others) as needed to formulate a preliminary determination and/or response to the request.

7.4 Combined Qualified Practice and Credit Project Plans

In some circumstances it may be desirable to submit a project proposal for work not identified under an approved pre-qualified practice. For example, some credit generating projects may not be conducive to the use of pre-qualified practices or may be sufficiently unique that the practices underlying them would be extremely unlikely to be used again. Additionally, there may be a desire to focus all available resources towards the project itself.

Credit Project Plans submitted for approval without the use of pre-qualified practices must contain all the information required for a pre-qualified practice (Section 2.4.1) and a Credit Project Plan (Section 7.1). Credit Project Plans submitted for approval without the use of pre-qualified practices will be reviewed and approved according to the following process:

Step 1: Preparation and Submittal of Proposed Credit Project Plan
A proposed Credit Project Plan (Section 7.1) must be prepared and submitted by a credit seller or its agent to Regional Water Board staff, along with a request to initiate the approval process described herein. The Credit Project Plan and request must be submitted at least 120 days prior to the proposed start of project construction.

Step 2: Initial Screening / Completeness Review

Regional Water Board staff will perform an initial screening of the proposed Credit Project Plan (and any supporting documentation) to verify completeness and will solicit technical input and/or additional information from the credit seller, its agent, and others as needed.

Step 3: Staff Review and Recommendation

Upon determining the proposed Credit Project Plan is complete, Regional Water Board staff will review the Plan in a timely manner and will prepare a recommendation for approval or denial of the Plan. A recommendation for approval may be accompanied by conditions of approval. A recommendation for denial shall be accompanied by reasons for the denial.

Step 4: Staff Concurrence, Public Notice and Comment

If Regional Water Board staff recommends approval of the proposed Credit Project Plan, it will make available to the general public the request for approval, supporting documentation, and staff's recommendation (including any conditions of approval) for a minimum 30-day review and comment period. Regional Water Board staff will consider all comments received during the 30-day period and may revise its recommendation (or conditions of approval) based on those comments. If Regional Water Board staff recommends denial of the proposed practice, it will forward its recommendation (including reasons for denial) directly to the Regional Water Board Executive Officer.

Step 5: Final Decision / Public Notice

Regional Water Board staff will provide its recommendation to the Regional Water Board Executive Officer for consideration and final decision. If the proposed Credit Project Plan is approved, the Executive Officer's notice of approval and relevant project information[9] will be made available to the general public on the Regional Water Board's website. If the proposed Credit Project Plan is denied, the notice of denial (including reasons for the denial) will be made available on the website.

[9] The Regional Water Board recognizes that some Credit Project Plans may contain confidential information. Public disclosure of portions of a Credit Project Plan that contains confidential information or trade secrets may be limited in accordance with applicable laws that provide for protection of the disclosure of such information. The credit seller or its agent must identify information that it asserts is exempt from public disclosure. When doing so, the seller or its agent must provide the Regional Water Board a copy of the complete Credit Project Plan and a copy with the portions it asserts are protected in redacted form.

8. Project Implementation & Verification

Once a proposed Credit Project Plan has been approved via the process described in Section 7.2 or Section 7.4, the project must be successfully implemented and its performance independently verified before any resulting water quality credits may be certified and sold (or used). The following subsections describe requirements for project implementation and project verification under this WQT Framework.

8.1 Documenting Pre- and Post-Project Site Conditions

Site conditions for all credit-generating projects approved under this WQT Framework must be assessed and documented by the credit seller or its agent before and after project implementation. Project-specific site assessment procedures and reporting requirements will be included in each approved Credit Project Plan (Section 7.1).

8.2 Initial Project Verification

Initial project verification is the process of reviewing and confirming whether a credit-generating project has been implemented in accordance with its approved Credit Project Plan (Section 7.1 and/or Section 7.4). Initial verification pertains to the project "as-built", which may differ somewhat from the Credit Project Plan as originally approved.

8.2.1 Required Elements of Initial Verification

Initial verification for each credit-generating project must be conducted by an independent and qualified third-party verifier.[10] Although project-specific requirements for initial verification may vary based on the approved Credit Project Plan (Section 7.1 and/or Section 7.4), required elements of initial verification shall always include the following:

- ***Administrative Review*:** Confirmation of project eligibility under the terms of this Framework based on available documentation and as-built conditions, and confirmation that contracts and agreements are in place to ensure legal project protection and maintenance for the approved project life.

[10]Qualifications for third-party verifiers will vary based on practice and project type. In general, third party verifiers must: (1) have relevant knowledge and experience related to the practices being used to generate credits, (2) be familiar with the terms of this WQT Framework, with the supporting documentation for practices they are being asked to verify, and with the credit quantification methods used for that practice, (3) be capable of working in an independent and unbiased manner, and (4) have no conflicts of interest. Examples of possible third-party verifiers include, but are not limited to qualified individuals, as previously described in footnote 6 (Section 7.1).

- ***Technical Review*:** Confirmation that water quality credits were quantified accurately in the approved Credit Project Plan and that all required documentation (e.g., data files, sampling results, model parameters) and as-built adjustments to the preliminary credit calculations are complete and correct.
- ***Implementation Review*:** Confirmation (via site visit or other reasonable means) that the project was installed consistent with the approved Credit Project Plan, and that all baseline requirements have been met. Any discrepancies between the approved Credit Project Plan and as-built conditions must be noted and brought to the attention of the credit seller for correction.

8.2.2 Required As-Built Documentation and Initial Verification Report

Upon completion of project implementation, the credit seller or its agent shall submit to Regional Water Board staff and the project verifier the completed site assessment documentation (Section 8.1) and any revisions or updates to the approved Credit Project Plan that are necessary to reflect as-built conditions. Subsequent to the receipt of this information, the project verifier shall separately submit an initial verification report, featuring a summary of initial verification activities, results and opinions, recommendations for adaptive project management, and any outstanding findings, notes or concerns. Regional Water Board staff will make these documents available to the general public on the Regional Water Board's website.

8.3 Ongoing Project Verification

Ongoing project verification is the process of periodically reviewing and confirming whether a credit-generating project continues to be maintained in conformance with its approved Credit Project Plan (Section 7.1 and/or Section 7.4), that it continues to meet all relevant Framework criteria, and that credits generated by the project have been (and continue to be) accurately estimated using appropriate quantification methods and procedures.

Ongoing verification for each credit-generating project must be conducted by an independent and qualified third-party verifier – preferably the same party that conducted the initial verification of the project. Verification frequency, required elements of ongoing project review, and reporting requirements will vary depending on the individual project. Requirements for all ongoing verification activities will be specified in the approved Credit Project Plan.

Copies of all verification reports for credit-generating projects implemented under this WQT Framework shall be provided to Regional Water Board staff by the independent third-party verifier.

Upon determining that a verification report is accurate and complete, Regional Water Board staff will make the report available to the general public on the Regional Water Board's website.

If a project has received a reduction in the retirement ratio as described in Section 5, because the environmental enhancements and/or permanent protection of the land are the basis of the reduced retirement ratio, the third-party verification must confirm that (1) the land continues to be protected, and/or (2) environmental values are being enhanced by the project as described in the Credit Project Plan. If the third-party verification finds that the basis for a reduced retirement ratio is not present, this finding will result in 1) the declaration of a material failure to meet approved practice standards or other requirements of an approved Credit Project Plan and 2) the initiation of the process described in Section 8.3.1.

8.3.1 Material Failure and Project Remedy Workplan

In the event that a verification report identifies a material failure to meet approved practice standards or other requirements of an approved Credit Project Plan, the credit seller (or the party responsible for project implementation, as identified in the Credit Project Plan) shall notify Regional Water Board staff immediately.

Upon such notification, the seller (or responsible party) will have 60 days to submit to Regional Water Board staff a Project Remedy Workplan for consideration and approval by the Executive Officer In addition to any other relevant information, the Project Remedy Workplan must include recommended performance benchmarks, the conditions under which Regional Water Board staff should consider suspending or cancelling any credits that have already been certified[11] (Section 9.1), proposed corrective actions and associated time schedule, and/or recommendations for adaptive project management, including but not limited to any possible changes to the retirement ratio and credit release schedule. The Project Remedy Workplan will also describe whether any deficit resulting from suspended or cancelled credits has occurred. Such credit deficits may be remediated by: 1) correcting the material failure to meet approved practice standards or other requirements of the originally approved Credit Project Plan; or 2) identifying alternative active credits to be used; or 3) if the credit deficit cannot be resolved using 1) or 2), then the Project Remedy Workplan must identify a future project that will generate sufficient credits resolve the deficit.

[11] Previously generated/certified credits may be suspended or cancelled based on the timing and basis for the material failure. Used credits originating from a project that has experienced a material failure shall not be suspended or cancelled unless the timing and basis of the material failure indicate that the credits should not have been certified. The timing of a material failure shall extend from the date that a material failure first occurred until the date that it is corrected to the satisfaction of the Executive Officer.

Regional Water Board staff will make approved Project Remedy Workplans available to the general public on the Regional Water Board's website. Upon completion of the tasks identified in the approved Project Remedy Workplan the responsible party will submit an updated initial project verification report as described in Section 8.2.2.

In all cases, the Regional Water Board Executive Officer has the authority to determine whether a verification report accurately reflects the credits generated, and may certify, suspend or cancel credits as described in Section 9 below, or request additional information as necessary to verify that a project is implemented in accordance with its approved Credit Project Plan.

Regardless of project verification results, NPDES permittees (i.e., credit buyers or users) are ultimately responsible for complying with their effluent limitations, and any NPDES-related compliance matters or enforcement actions based on the results of project verification activities shall be taken up with the permittee.

9. Credit Certification, Registration & Tracking

9.1 Credit Certification

Upon receiving a verification report confirming that water quality credits have been generated by an approved project (Sections 8.2 and 8.3), Regional Water Board staff will review the report for accuracy and completeness, and will solicit technical input and/or additional information from the report submitter (and others) as needed. Upon determining the verification report is accurate and complete, Regional Water Board staff will certify the credits generated by issuing an official Credit Certificate[12] to the credit seller, or whomever the approved Credit Project Plan identifies as the initial owner of the credits. Credits awaiting certification may be identified for use within the current discharge season to fulfil compliance with the Phosphorus effluent limitation if the associated verification report has been submitted. If the verification report is subsequently determined to be inaccurate or incomplete: 1) a corrected verification report will be submitted to Regional Water Board staff within 60 days and, 2) if necessary, alternative credits for substitution will be identified or the permittee risks being out of compliance. Once a credit is certified, it is officially available for purchase, sale, or use by an NPDES permittee. Immediately upon their issuance, copies of Credit Certificates issued by Regional Water Board staff shall be provided to the administrator of the credit registry, as described in Section 9.5 below.

[12] A Credit Certificate may apply to multiple credits. In such cases, the Credit Certificate shall provide the credit serial numbers of all the credits being certified. This may be done by listing the serial numbers individually or by expressing them as a continuous range, such as: 00001-01000.

9.2 Serialization of Certified Credits

To ensure accountability, transparency, and ease of tracking, each credit certified under this WQT Framework shall be assigned a unique serial number, accompanied by the date of certification. Serial information will be included in the Credit Certificate issued by Regional Water Board staff.

9.3 Changes in Credit Status

Once certified, the status of a credit may change over time. In order to ensure that credits generated under this WQT Framework remain valid, are used only once, and/or are retired on time, changes in credit status must be reliably tracked and accounted for. For purposes of credit tracking, the status of credits shall be defined and documented as follows:

Active
Upon certification, all credits shall be considered active. The status of active credits shall be documented in Credit Certificates issued by Regional Water Board staff, as described in Section 9.1 above.

Used
Credits shall be considered used once they have been applied by an NPDES permittee to meet an effluent limitation. If unused, the credit(s) shall be banked per the approved Credit Project Plan and be considered active. The status of used credits shall be documented in annual compliance reports submitted to Regional Water Board staff as required in the user's NPDES permit.

Retired
Credits shall be considered retired if they remain unused beyond the final year allowed under this Framework's credit banking provisions (Section 6.2). The status of retired credits shall be documented in Credit Retirement Notices issued by Regional Water Board staff to the credit owner.

Suspended or Cancelled
Credits shall be considered suspended or cancelled if/when a project verification report identifies a failure to meet approved practice standards or other requirements of an approved Credit Project Plan, as described in Section 8.3 above. The status of suspended or cancelled credits shall be documented in Credit Suspension or Credit Cancellation Notices issued by Regional Water Board staff to the credit owner.

Immediately upon their issuance, copies of annual NPDES compliance reports, Credit Retirement Notices, Credit Suspension Notices, and Credit Cancellation Notices shall be provided by the issuers to the administrator of the credit registry described in Section 9.5 below.

9.4 Changes in Credit Ownership

Once certified, the ownership of a credit may change over time. In order to ensure that credits generated under this WQT Framework are owned by only one entity at a time, changes in credit ownership (i.e., credit trades via transfer or sale) must be reliably tracked and accounted for. For purposes of credit tracking, initial ownership of credits shall be documented in Credit Certificates issued by Regional Water Board staff, as described in Section 9.1 above.

Changes in credit ownership shall be documented in Credit Trade Notices submitted by the trading parties to Regional Water Board staff. At a minimum, Credit Trade Notices must include the quantity of credits traded, the serial number of each credit traded, the purchase price, and identifying information and signatures of the buyer (i.e., the new owner) and seller (i.e., the previous owner).

Immediately upon their issuance, copies of Credit Trade Notices shall be provided by the issuers to the administrator of the credit registry described in Section 9.5 below.

9.5 Credit Tracking & Registry Administration

As described in Sections 9.3 and 9.4 above, the status and ownership of water quality credits certified under this Framework is subject to change over time. In order to track these changes, and to ensure the accountability, transparency, and accessibility of WQT activities conducted in the Laguna watershed, a designated administrator shall maintain an official and publicly-accessible credit registry. The role of administrator shall be performed by Regional Water Board staff or by a trusted and qualified third-party designee.

As soon as a credit is certified as described in Section 9.1 above, the administrator shall add it to the credit registry and track it through its eventual use, cancellation, or retirement. Attributes to be tracked for each credit in the registry include, but shall not be limited to: serial number, date of certification, owner, status, expiration date, site location, project from which the credit was derived, and links to publicly-available project documents.

The administrator of the credit registry shall keep all credit information current and shall update the registry immediately upon receipt of the various certificates, reports, and notices identified in Sections 9.3 and 9.4 above.

10. Compliance and Enforcement

This WQT Framework provides authorized dischargers with an optional means for complying with certain effluent limitations in their NPDES permits. Compliance with effluent limitations in NPDES permits is ultimately based on the contents of annual reports required by those permits. If a permittee opts to utilize this Framework as means of compliance, its reports must include sufficient documentation to demonstrate that the water quality credits it used were appropriately certified under this Framework, and were sufficient to meet its effluent limitations.

The Regional Water Board has the authority to enforce the provisions of NPDES and other permits it issues, and to take enforcement actions as warranted and authorized under the California Water Code. Records generated during the implementation of this WQT Framework may be used as evidence in enforcement proceedings.

11. Framework Improvements and Monitoring

11.1 Improving Framework Specifications, Protocols, and Processes

This WQT Framework shall be implemented to maintain adherence to the guiding principles listed in the Introduction section above, and managed in such a way as to capitalize on lessons learned. Changes and improvements to the provisions of this Framework are expected over time, and may necessitate a formal revision. Such a revision would be subject to standard requirements for public noticing, review, and Regional Water Board approval.

11.2 Monitoring / Evaluating Framework Effectiveness

Some form of monitoring shall be required for every credit-generating project approved under this WQT Framework. In general, monitoring is needed to support applications of approved credit quantification methods (Section 4), and to verify the generation of credits (Section 8). However, the type, location, and frequency of monitoring activities will necessarily vary by practice type (Section 2.4.1), with specific details to be determined at the project scale and incorporated into an approved Credit Project Plan (Section 7.1).

Depending on the nature and location of an approved credit-generating project, examples of monitoring may include:

- Sampling of surface sediment nutrient concentrations at a project site to quantify credits generated;
- Topographical and vegetation surveys to complete site condition assessments;

- Repeated photo point monitoring to document as-built conditions and to verify continued project maintenance; and
- Instream sampling of turbidity, dissolved oxygen, and nutrient concentrations to verify project performance and effectiveness.

The overall effectiveness of WQT activities conducted under this Framework must be evaluated within the larger context of other beneficial use recovery actions being undertaken in the Laguna watershed. As a general rule, ambient water quality monitoring (i.e., surface water status and trends monitoring) is not specifically required under this Framework, but may be appropriate (and thus required) for some projects. Otherwise, ambient water quality monitoring is anticipated to be conducted under the auspices of the Russian River Regional Monitoring Program, or a similar, regionally-coordinated program. Nothing in this Framework prohibits any entity from lawfully conducting ambient water quality monitoring in the Laguna watershed.

ATTACHMENT J - SEPTEMBER 1, 2015 REGIONAL WATER BOARD LETTER TO THE CITY OF SANTA ROSA REGARDING GROUNDWATER MONITORING

September 1, 2015

Mr. David Guhin, Director of Utilities
Utilities Department
City of Santa Rosa
69 Stony Circle
Santa Rosa, CA 95401

Dear Mr. Guhin:

Subject: Santa Rosa Plain Salt and Nutrient Management Plan
File: Salt and Nutrient Management Plan for the Santa Rosa Plain Groundwater Subbasin

Staff of the North Coast Regional Water Quality Control Board (Regional Water Board) thank you and your staff for the significant efforts made in gathering a diverse group of stakeholders, compiling technical information and preparing a Salt and Nutrient Management Plan (SNMP) for the Santa Rosa Plain Groundwater Basin. The City's primary recommendation in the final SNMP, dated May 2013, is the development of a monitoring and reporting program (MRP) to support the refinement of the SNMP in the future. The conceptual monitoring framework described in the SNMP proposes the collection of data from existing wells, as well as from new groundwater monitoring wells to be installed for this purpose. This letter is to inform you that we approve the proposed conceptual monitoring framework presented in the final SNMP.

Please review the attached recommendations for a basin-specific MRP designed to evaluate changes in groundwater basin water quality over time. The primary objective of the MRP is to collect sufficient data to: ensure protection of beneficial uses when making decisions regarding the use of recycled water; evaluate the effectiveness of best management practices for dairies, vineyards and wineries; evaluate the implementation of new septic system regulations; promote groundwater recharge; and to assess other discharges of waste to land throughout the Santa Rosa Plain groundwater basin. This will include establishing the baseline conditions and identifying changes and trends in groundwater quality and elevation over time. We look forward to working with you on the development of a basin-specific MRP and schedule for implementation.

Regional Water Board staff is available to discuss the MRP at your convenience. Please feel free to contact staff Environmental Scientist Jeremiah Puget at (707) 576-2835 or Jeremiah.Puget@waterboards.ca.gov with any questions or concerns.

Sincerely,

Original signed on September 1, 2015, by

Matthias St. John
Executive Officer

150901_JJP_dp_SR_SNMP_MRP_Ltr

Attachment: Necessary Components of a Basin-Specific Monitoring and Reporting Program

Necessary Components of a Basin-Specific Monitoring and Reporting Program

1. **Goals and Objectives**

   The objective is to develop a basin-wide groundwater monitoring plan that will allow for a comprehensive assessment of water quality in relation to beneficial uses supported within the basin and applicable water quality objectives. Several localized and project-specific monitoring programs exist throughout the Santa Rosa Plain basin. These include monitoring of ground and surface waters by various agencies to comply with regulatory requirements, as well as voluntary monitoring efforts by agencies and environmental groups. In keeping with the Recycled Water Policy's (Policy) preferred approach, it is recommended that there be an inventory of all water quality monitoring and data collection within each groundwater basin as a starting point in developing a basin-wide groundwater monitoring plan. Compilation and review of existing programs and groundwater quality reports will reduce the potential for redundancy, and also assist in identifying data gaps that need to be addressed.

   Regulatory agencies that are involved in statewide monitoring of groundwater quality for the purpose of assessing and protecting groundwater resources include the State Water Resources Control Board (State Water Board- Division of Water Quality, Division of Drinking Water, Office of Research and Planning), Department of Water Resources, Department of Toxic Substances Control, Department of Pesticide Regulation, and the U.S. Geological Survey (USGS). State Water Board's online groundwater information system, GeoTracker/ Groundwater Ambient Monitoring and Assessment (GAMA) provides access to groundwater quality monitoring data from these agencies as well as other Regional Water Boards and the Lawrence Livermore National Laboratory. This information is available on the GAMA program website.
   http://www.waterboards.ca.gov/water_issues/programs/gama/geotracker_gama.shtml

   Results from these monitoring efforts may be used in conjunction with those generated by water purveyors, managers and private entities in determining the scope of the monitoring plan. Stakeholders are also encouraged to use the 2003 USGS report titled "Framework for a Ground Water Quality and Assessment Program for California" as a resource when developing the monitoring plan. This document is available at:
   http://www.waterboards.ca.gov/water_issues/programs/gama/docs/usgs_rpt_72903_wri034166.pdf

2. **Basin/Watershed Characterization and Baseline**

   The purpose of a baseline is to assess data over time and analyze possible trends in groundwater data. Regional Water Board staff recommends that the baseline characterization of the groundwater basin reflect the information in the USGS

Scientific Investigation Report 2013-5118 (*Hydrological and Geochemical Characterization of the Santa Rosa Plain Watershed, Sonoma County, California*).

3. **Monitoring Well Installation Work Plan**
   Prior to installing new groundwater monitoring wells for the purpose of basin monitoring and assessment a well installation work plan shall be submitted to the Regional Water Board for review and concurrence. Well installation work plans should include:
   i. A scope of work;
   ii. Well location determinations and pre-field work activities;
   iii. Soil sample collection and analysis;
   iv. Monitoring well development;
   v. Field procedures;
   vi. Well location figures (general and specific); and
   vii. Proposed well construction diagrams.

4. **Sampling Design Plan**
   A basin-wide sampling design plan that is intended to gather representative data will need to include the following:
   a) Representative monitoring locations in:
      i. Each of the five major sub-basins of the Santa Rosa Plain (Wilson Grove, Cotati, Windsor, Rincon Valley, and Mayacamas Mountain Upland);
      ii. Each of the four major geologic formations underlying the Santa Rosa Plain (Glen Ellen Formation, Wilson Grove Formation, Sonoma Volcanics and Petaluma Formation);
      iii. Deep (>150' bgs) and shallow (<150' bgs) groundwater bearing units; and
      iv. Each of the major land use types identified in the SNMP;
   b) Methodologies for:
      i. Eliminating redundant data;
      ii. Data weighting to address sample representativeness and statistical significance;
   c) A well location map with depth dependent data;
   d) Given the importance of the shallow groundwater resource in the Santa Rosa Plain groundwater basin, siting criteria for any well locations should emphasize shallow groundwater assessment and data gaps in major land uses;
   e) Wells should be identified based on purpose (e.g., DW for drinking water supply, E for evaluation, CD for contaminant detection, and CA for corrective action.);
   f) Basin-wide water level/ water balance monitoring;
   g) The *Water Quality Control Policy for Siting, Design, Operation, and Maintenance of Onsite Wastewater Treatment Systems* (OWTS Policy) was

adopted by the State Water Board on June 19, 2012. The OWTS Policy includes some monitoring requirements, which should be considered in conjunction with Sonoma County as they develop a Local Agency Management Plan (LAMP) to maximize the efficiency and coordination of sampling activities in areas affected by both Recycled Water and OWTS policies.

h) Individual Waste Discharge Requirement (WDR)-related monitoring programs can and should be modified to facilitate consistent, scientifically defensible, and cost-effective regional groundwater monitoring programs while also maintaining a sufficient level of individual discharger monitoring to document compliance with applicable WDRs. Allowable modifications will generally be restricted to the following:
    i. Development of basin/sub-basin consistent compliance monitoring requirements (i.e., monitoring parameters/constituents and frequencies for water supply, influent, effluent, and receiving water including both groundwater and surface water for participating stakeholders subject to WDRs for similar types of discharges that are consistent with the regional groundwater monitoring program.

5. Primary Constituents of Concern

Consider an expansion of the primary constituents of concern to include

a) Electrical conductivity (EC)
b) pH
c) Nitrate,
d) Total Dissolved Solids (TDS),
e) Arsenic,
f) Sodium,
g) Chloride,
h) Sulfate, and
i) Boron

Additionally, to further evaluate baseline conditions consider monitoring of constituents of emerging concern per the Recycled Water Policy as amended by State Water Board Resolution No. 2013-0003. The amended Recycled Water Policy can be found at: http://www.waterboards.ca.gov/water_issues/programs/water_recycling_polic y/docs/ rwp_revtoc.pdf

6. Sampling Frequency

An appropriate sampling frequency plan commensurate with hydrogeological response times within groundwater while also sufficient enough to provide timely and ongoing compliance evaluations for applicable water quality objectives (e.g., reduction of sampling frequencies for deeper wells to annually or once every several years versus semiannual wet and dry season monitoring for shallow wells). The

USGS basin characterization identified that shallow groundwater can be decades old while deeper water-bearing units can be centuries to millennia old; therefore, anthropogenic effects on water quality will be detected in shallower formations first. Additionally, any monitoring for constituents of emerging concern should be done at a reduced frequency as compared to the primary constituents of concern. Individual constituent monitoring for any compound(s) may be adjusted as data and trends become available and as funding are prioritized.

7. **Quality Assurance Project Plan**

Quality assurance (QA) is an integrated system of management activities (i.e., planning, implementation, assessment, reporting, and quality improvement) that focuses on providing confidence in the data or product by ensuring that it is of the type and quality needed and expected by the client. Quality systems include elements such as responsibilities of management and staff as well as quality control and sample handling guidelines for both laboratory and field activities. Additional information can be found at the following State Water Board website. http://www.waterboards.ca.gov/water_issues/programs/swamp/tools.shtml#qa

8. **Reporting**

Consistent with an August 28, 2009, State Water Board Executive memorandum, Regional Water Board approval of SNMPs as implementation plans will be contingent in part on the electronic submittal of regional monitoring program data into the State Water Board's GAMA Program GeoTracker information system via Electronic Deliverable Format (EDF). EDF should be uploaded subsequent to the sampling events. This reporting arrangement is intended to streamline efforts and resources by reducing the need for submitting frequent technical reports congruent with sampling efforts. Pursuant to the Recycled Water Policy, technical reporting including trend analysis can be done triennially.

EXHIBIT B

CALIFORNIA Water Boards

GAVIN NEWSOM GOVERNOR

JARED BLUMENFELD SECRETARY FOR ENVIRONMENTAL PROTECTION

North Coast Regional Water Quality Control Board

March 1, 2022

Ms. Jennifer Burke
Santa Rosa Water
69 Stony Circle
Santa Rosa, CA 95401
jburke@srcity.org

Dear Ms. Burke:

Subject: Phosphorus Generating Project Eligibility and Nutrient Offset Program Credit Transfer Response Letter

File: City of Santa Rosa, Santa Rosa Regional Water Reuse System, Laguna Treatment Plant, WDID No. 1B83099OSON, NPDES Permit No. CA0022764 Place ID CW-255703

Regional Water Board staff (Staff) has reviewed the City of Santa Rosa's 2021 Total Phosphorus Effluent Limitation Compliance Report and Credit Transfer Request submitted on June 30, 2021. We concur with the City of Santa Rosa (Permittee or City) that a surplus of 9,874 pounds of controlled phosphorus remained available at the end of the 2020/2021 discharge season. This surplus of controlled phosphorus generated under the Nutrient Offset Program is eligible to transfer to the Water Quality Trading Framework. Furthermore, Staff concur that those projects identified in the City's request shall be considered eligible under the WQTF and may continue to generate phosphorus credits for the duration of their remaining project life, per Section 3.2.5 of the WQTF.

The Beretta Dairy Best Management Practices Nutrient Offset Project (Beretta Dairy) was developed and approved as part of the Nutrient Offset Program and remains eligible to continue to generate phosphorus credits under the terms under which the project was originally approved. A credit banking period of three years, the minimum allowed banking period under the WQTF, shall be assigned to credits generated by the Beretta Dairy project as it neither provides enhanced environmental value nor is placed on permanently protected lands.

The Pepperwood Preserve Sediment Reduction Project (Pepperwood) was developed and approved as part of the Nutrient Offset Program and also remains eligible to continue to generate credits under the terms under which the project was originally approved. The credit banking period for those credits generated under this project shall be equal to the project life of this project (30 years). As the Pepperwood project provides enhanced environmental value and is placed on permanently protected lands, the Permittee may submit a revised Credit Project Plan under the terms of the WQTF for consideration as a Permanently Protected Environmental Enhancement Project that may receive phosphorus credits that do not expire.

The Laguna de Santa Rosa Reaches 1 and 2 Project (Laguna 1&2) was developed and approved under the NOP and also remains eligible to continue to generate credits under the terms under which the project was originally approved. The credit banking period for those credits generated through direct removal of phosphorus laden sediment shall be equal to the approved project life for these practices, as approved within the Laguna 1&2 project (3 years). The credit banking period for those credits generated through reduced water column contact with phosphorus laden sediment shall be equal to the approved project life for this practice, as approved within the Laguna 1&2 project (10 years). As the Laguna 1&2 project provides enhanced environmental value and is placed on permanently protected lands, the Permittee may submit a revised Credit Project Plan for consideration as a Permanently Protected Environmental Enhancement Project that may receive phosphorus credits that do not expire.

The Permittee identified that under the terms of the Nutrient Offset Program, they ended the 2020/2021 discharge season with a surplus of 9,874 pounds of phosphorus. This was determined by calculating the available 3-year total mass of phosphorus that was controlled through phosphorus credit generating projects (12,169 pounds) and subtracting the 3-year average mass of phosphorus discharged to the Laguna de Santa Rosa (2,295 pounds). Staff concurs that the surplus 9,874 pounds of controlled phosphorus may be transferred to the WQTF as 9,874 phosphorus credits. As requested by the Permittee, these phosphorous credits shall be assigned to the Laguna 1&2 credit generating project as shown below:

Table 1 – Summary of Credit Transfer Assignment

Credit Generating Project	Credit Owner	Approved Project Life	Verification Date	Certification Date	Retirement Date	Credit Status	Credit Balance
Laguna 1&2: Reach 1 Sediment removal	City of Santa Rosa	3 Years	07/01/2020	02/04/2022	07/01/2022	Active	3,020
Laguna 1&2: Reach 1 Sediment removal	City of Santa Rosa	3 Years	06/30/2021	02/04/2022	07/01/2023	Active	3,020
Laguna 1&2: Reach 2 Sediment Removal	City of Santa Rosa	3 Years	07/01/2020	02/04/2022	07/01/2022	Active	1,848
Laguna 1&2: Reach 2 Sediment Removal	City of Santa Rosa	3 Years	06/30/2021	02/04/2022	07/01/2023	Active	1,894
Laguna 1&2: Reduced Water Column Contact with Sediment	City of Santa Rosa	10 Years	06/30/2021	02/04/2022	07/01/2030	Active	92
Total Available Credits:	---	---	---	---	---	---	9,874

Table Notes:
1. The retirement date indicates the due date of the Discharge Season Annual Report that active credits may be designated for use in, prior to their retirement.

If you have any questions, please contact Matthew Herman of my staff, at matthew.herman@waterboards.ca.gov or (707) 576-2683.

Sincerely,

Matthias St. John
Executive Officer

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cc: Sean McNeil, Santa Rosa Water, smcneil@srcity.org

Heather Johnson, Santa Rosa Water, hjohnson@srcity.org

Sunny Elliott U.S. EPA, Region 9, NPDES Permits Section (WTR-2-3), Elliott.Sunny@epa.gov