

CITY OF SANTA ROSA
BOARD OF PUBLIC UTILITIES

TO: BOARD OF PUBLIC UTILITIES
FROM: SEAN MCNEIL, DEPUTY DIRECTOR OF ENVIRONMENTAL SERVICES
SUBJECT: PHOSPHORUS OFFSET AGREEMENT BY AND BETWEEN THE CITY OF SANTA ROSA AND THE TOWN OF WINDSOR

AGENDA ACTION: MOTION

RECOMMENDATION

It is recommended by the Contract Review Subcommittee and Water Department that the Board of Public Utilities, by motion, approve and authorize the Chair of the Board to sign the Phosphorus Offset Agreement By and Between the City of Santa Rosa and the Town of Windsor.

EXECUTIVE SUMMARY

Execution of this agreement provides that the City of Santa Rosa and the Town of Windsor may purchase and sell phosphorus credits to meet discharge requirements contained in their respective National Pollutant Discharge Elimination System permits. This agreement provides flexibility for both municipalities in that it will allow unused phosphorus credits to be transferred to the other and used instead of expiring. This agreement does not compel either municipality to purchase phosphorus credits but does create the mechanism for trades that are mutually beneficial.

BACKGROUND

On July 24, 2008, the North Coast Regional Water Quality Control Board (Regional Board) adopted Resolution R1-2008-0061, thereby approving the Nutrient Offset Program (NOP) as a method of compliance with the “no-net loading” effluent limitations for total phosphorus contained in the City of Santa Rosa’s (CITY) National Pollutant Discharge Elimination System (NPDES) discharge permit. On July 11, 2018, the Regional Board approved the first Water Quality Trading Framework (WQTF), which replaced the NOP as a means of compliance and which allowed trading of phosphorus credits (P credits) between organizations. By letter dated March 1, 2022, the Executive Officer of the Regional Board confirmed a surplus of controlled phosphorus generated by the CITY under the NOP may be transferred to the WQTF as P credits and confirmed that certain projects identified by the CITY are eligible under the WQTF and may continue to generate P credits for duration of the remaining project life. Because

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both the CITY and the Town of Windsor (TOWN) are under similar NPDES permit discharge requirements, both entities may benefit by buying and/or selling unused P credits in accordance with the WQTF and the terms of the attached agreement.

PRIOR BOARD OF PUBLIC UTILITIES REVIEW

None.

ANALYSIS

Over the past ten years, the CITY has developed four separate nutrient offset projects under the NOP and WQTF, which have controlled 27,000 pounds of phosphorus and facilitated compliance with the “no-net loading” effluent limitations for total phosphorus contained in the CITY’s NPDES permit. Three of the four projects are still generating P credits each year, with a diversity of credit life ranging from three years to in-perpetuity. This agreement will allow the trading of P credits between the CITY and the Town. The agreement stipulates that the cost of credits is based on the cost to develop the P credits plus a handling fee of 20% of the value of the credits. This 20% handling fee covers the expenses related to making and maintaining the P credits.

FISCAL IMPACT

It is anticipated that this agreement will have a positive fiscal impact on both the City and the Town because it facilitates strategic use of P credits before certain of those credits expire under the terms of the WQTF. The agreement is also a mechanism to trade between the two entities to help ensure regulatory compliance and provides an incentive for the CITY and the TOWN to collaboratively develop future phosphorus removal projects.

ENVIRONMENTAL IMPACT

This agreement is not considered a project pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15378, and therefore no environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

On December 5, 2022, the Contract Review Subcommittee reviewed the agreement and recommended approval to the Board of Public Utilities.

ATTACHMENTS

- Attachment 1 – Phosphorus Offset Credit Agreement By and Between the City Of Santa Rosa and the Town Of Windsor

CONTACT

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