



# City of Watsonville

CARBON OFFSET  
PROGRAM



Where is  
Watsonville?



# Major Industry

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## Historic Industry:

Agriculturally oriented

- Growing, processing, canning, cold storage

## Current industry:

Fox Shox

Granite Rock

Granite Construction

Nordic naturals

Driscoll's

Processing, cold storage





# Demographics

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80% Latino

Young population

High housing costs

Low educational attainment

Economically disadvantaged

***In short...***

***No extra money to spend on Climate Change Measures***

# History of the Carbon Fund

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2012-2013- SB 32 Sustainable Communities Grant received to undertake a Climate Action Plan and Carbon Offset Program

2013- Consultant Team hired

- KEMA
- EcoShift

2013- Technical Advisory Committee formed and work began!

February, 2015- Council adoption of Climate Action Plan and Carbon Fund Ordinance



# Carbon Fund Overview

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## *Original vision for fund:*

- Make progress toward Climate Action Plan goals
- Attract investment, economic development
- Support sustainability programs and natural resources
- Replicable, manageable model for other jurisdictions

# Program Design Options: Factors to Consider

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## **The Carbon Fund Program Must:**

Be easy to operate/manage

Have a high likelihood of success

Have an impact on greenhouse gas reductions



# Types of Fund Structures Considered

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Carbon Fund in  
Southampton, England



Contribution Fund-  
Monterey Bay Carbon  
Fund, Offset Project

Revolving Fund- loans  
repaid through a surcharge  
on water bills



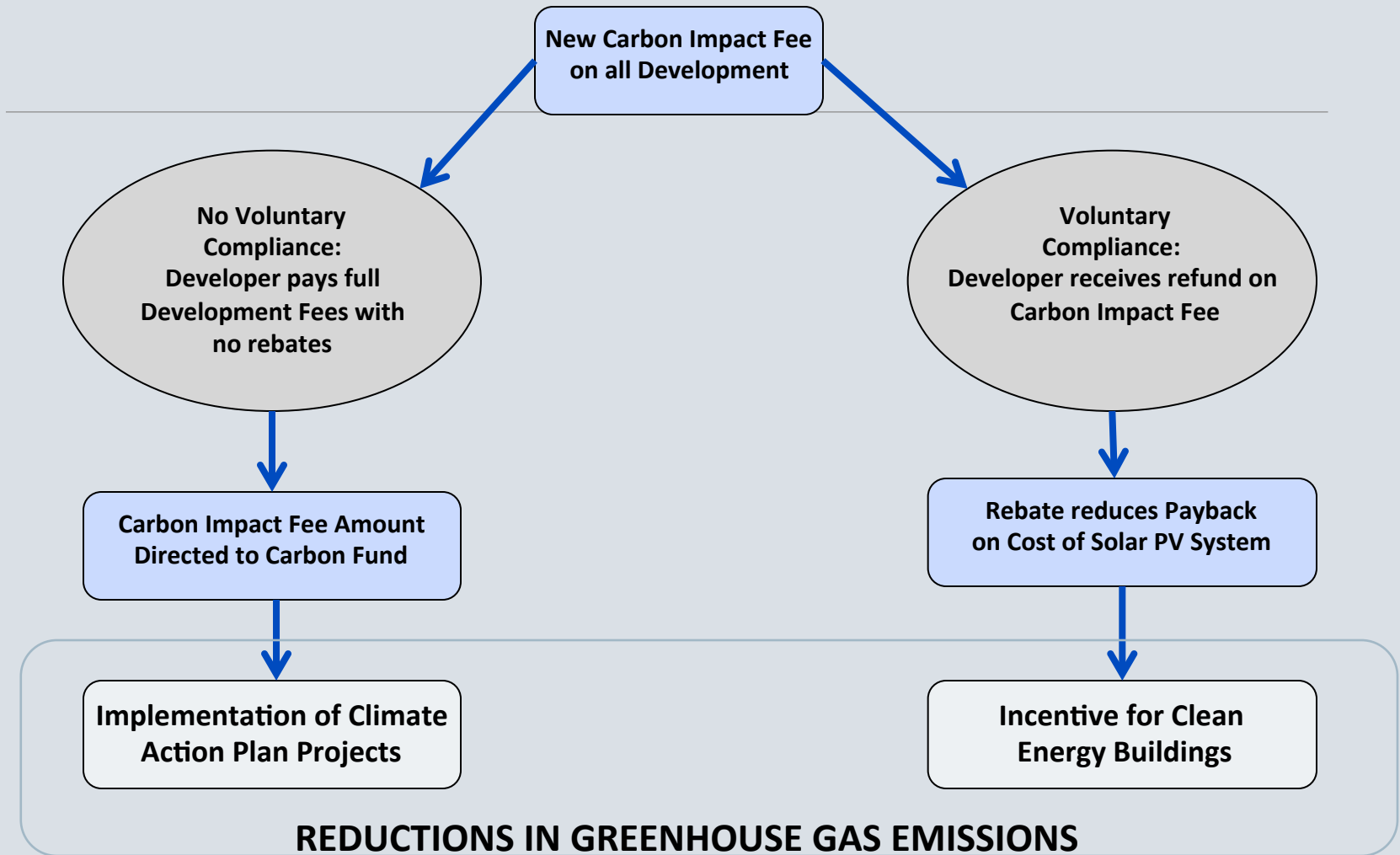


# How Should Fee be Structured?

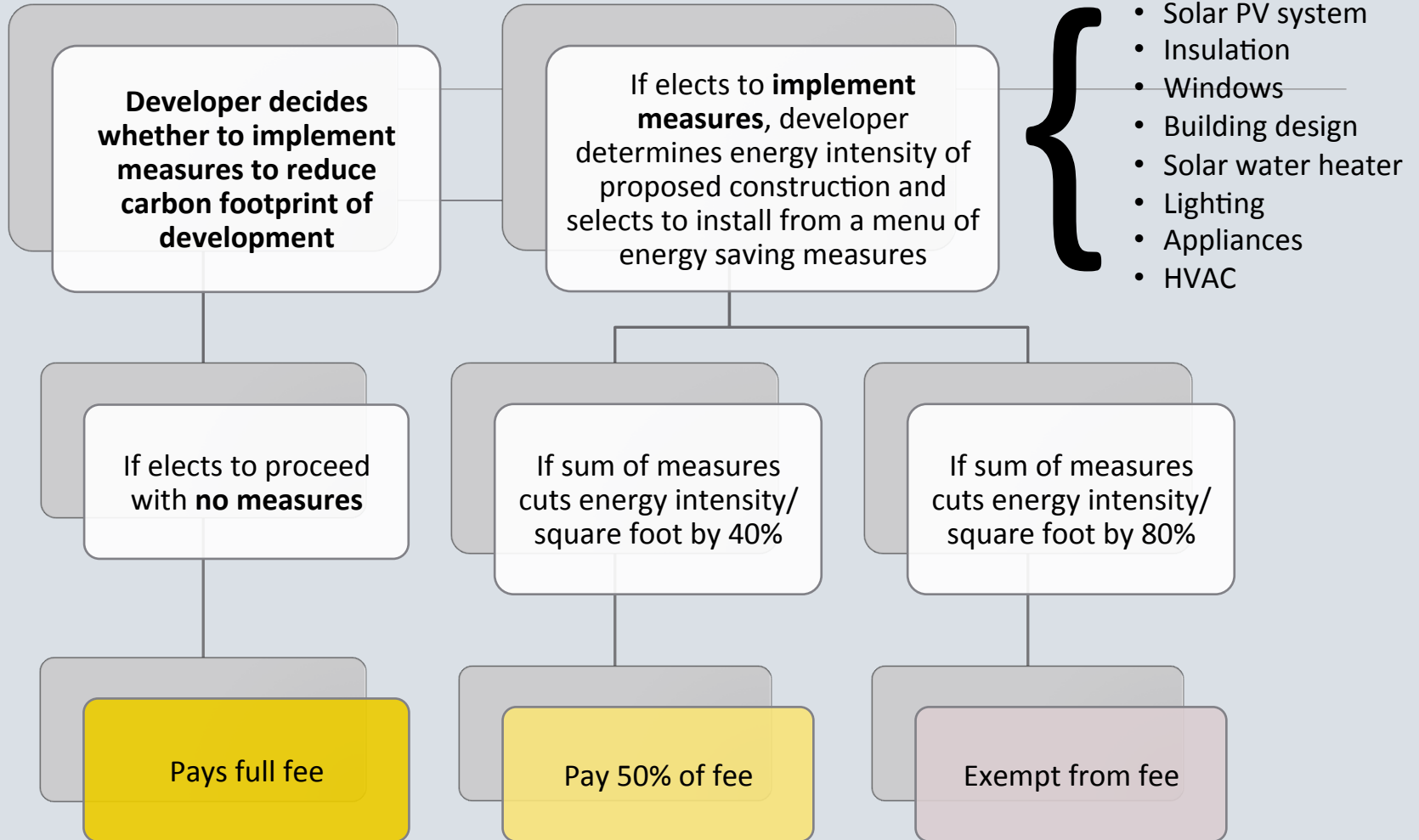
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1. All or Nothing
2. Simple Tiers
  - Net zero (no fee)
  - Combination of actions from checklist to:
    - reach over 50% of net zero (half fee)
  - No action (full fee)
3. Calculated (sliding scale)

# Overview



# Tiered Approach





# What Does Fee Apply To?

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- (1) New residential and nonresidential construction.
- (2) Multifamily residential and nonresidential additions and/or alterations.
- (3) Single-family residential additions over five hundred (500) square feet in area.

## ***Exempt Projects:***

- (1) Single-family residential alterations.
- (2) Temporary buildings (such as construction trailers).
- (3) Building area which is not or is not intended to be conditioned space.

# How is the Carbon Fund Used?

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Projects proposed by Public Works, Planning, and other departments are eligible to use funds

Projects proposed must have a direct or indirect greenhouse gas emissions reduction identified

Projects proposed should be aligned with the priorities identified in the Climate Action Plan

# How are Funds Dispersed for Projects?

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Projects proposed at end of year to utilize fees collected in previous year

Projects are approved by collaborative deliberation between departments and agreement by department heads

Sum of approved projects' costs cannot exceed 75% of the previous year's fund size to ensure adequate reserves to reimburse developers who comply with voluntary ordinance in current year



# Review of Carbon Fund

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Fee began to be collected in October, 2015

Total fees collected to date:  
approximately \$41,000

*What would we do differently next time?*

Get earlier and more input from solar contractors

Consider allowing staff time to be used as part of Carbon Fund activity

*Check back next year!*