



Oaxacan Carbon Offsets Transaction

September 7th, 2021

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Background

The City has worked with its sister city Oaxaca, Mexico on sustainability issues, and, through that process learned about a forestry project that has produced high-quality carbon offsets managed by Integrative Organization of Oaxaca Indigenous and Agricultural Communities (ICICO), a non-governmental organization

In October 2017, the city purchased 17,000 carbon offsets from ICICO.

ICICO has presented the City with a new offer to purchase 24,000 offsets



Transaction Opportunity

Purchase 24,000 carbon offset (15% of annual requirement) at a price of \$9.50 per ton CO₂e

Since implementing the Carbon Neutral Gas Plan, CPAU has purchased 575,000 carbon offsets at an average price of \$6.40 per ton CO₂e

RFP in July 2021 generated forestry offsets ranging from \$7.70 to \$11.30 per ton CO₂e – City transacted at \$7.97/ton CO₂e

Staff estimates this transaction to add \$35,000 in cost relative to offsets available through brokers, resulting in less than one dollar per year increase for an average residential customer.



Co-Benefits of Opportunity

The environmental projects have made local residents more aware of the health benefits of a well-maintained ecosystem and have provided opportunities for all community members to become involved including women and youth.

Revenue from the sale of carbon offsets funded fire protection, tree care, fresh water spring recharge, and transportation and equipment for local schools.



Recommendation

Staff and the UAC recommend the Finance Committee recommend the City Council (Council):

1. Adopt the attached resolution (Attachment A) approving the Verified Emission Reduction Agreement (VER Agreement) with the Integrative Organization of Oaxaca Indigenous and Agricultural Communities (ICICO); and
2. Delegate to the City Manager, or designee, the authority to execute on behalf of the City the VER Agreement (Attachment B) with ICICO.



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