CITY OF SEBASTOPOL CITY COUNCIL
AGENDA ITEM REPORT FOR MEETING OF: October 21, 2025

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To:	Honorable Mayor and City Councilmembers
From:	Victoria Henkel, Permit Technician Climate Action Committee
Subject:	Resolution in Support of the Polluters Pay Climate Superfund Legislation

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RECOMMENDATIONS:
The Climate Action Committee recommends that the City Council adopt a resolution supporting the enactment of the proposed Polluters Pay Climate Superfund Act (SB 684/AB 1243).

EXECUTIVE SUMMARY:

Assembly Bill (AB) 1243 and companion Senate Bill (SB) 684 (Addis) would establish a "Polluters Pay Climate Superfund Program" administered by CalEPA. The bills direct CalEPA to complete a climate-cost study, identify responsible parties (large historical fossil-fuel producers), calculate a proportionate cost-recovery demand based on emissions since 1990 (covered period varies by draft), and deposit collected sums into a State "Polluters Pay Climate Superfund Fund" for appropriation to mitigation, adaptation, disaster response, and programs benefiting disadvantaged communities. Both bills are active in the 2025–2026 session and have been the subject of committee hearings and amendments; they remain "in progress" as two-year bills at the time of this staff report. Note that AB 1243 and SB 684 list Dammon Connolly and Chris Rodgers, among others, as coauthors.

Over 7 California cities and over 8 environmental organizations have shown their leadership by voting to endorse the passage of the California Polluter Pay Climate Superfund. By supporting this effort, Sebastopol will join these other jurisdictions and organizations in encouraging the State to adopt legal requirements to study the cost impacts from very large GHG emitters, over 1 billion metric tons from 1990 to 2024, and to assess a one-time fee paid into a Superfund in annual installments.

The funds collected from these companies would be earmarked for projects such as wildfire recovery, energy efficiency upgrades, community resilience infrastructure and other climate-related efforts. At least 40% of the money would be prioritized for disadvantaged communities, which suffer disproportionately from pollution and other environmental harms.

BACKGROUND & DISCUSSION:

The following policies of the Sebastopol General Plan are potentially supported by the State of California passing the Polluters Pay Climate Superfund and funding climate action:

- Policy COS 8-2: Coordinate with Sonoma County and nearby cities to implement regional greenhouse gas (GHG) reduction plans and consolidate efforts to reduce GHGs throughout the County.
- Policy COS 8-3: Encourage local businesses and industries to engage in voluntary efforts to reduce GHG emissions and energy consumption.
- Policy COS 8-4: Preserve, protect and enhance, as appropriate, the City's carbon sequestration resources, also referred to as "carbon sinks," to improve air quality and reduce net carbon emissions.
- Policy COS 8-5: Encourage public transit, ridesharing and van pooling, shortened and combined motor vehicle trips to work and services, use of bicycles, and walking. Minimize single passenger motor vehicle use.

- Policy COS 8-6: Demonstrate leadership in local and regional climate planning efforts through a range of tangible actions and policies.
- Policy COS 9-7: Promote efforts and programs, including increased access to clean technologies such as electric vehicles and charging stations, to encourage residents, businesses, and local organizations to use clean energy sources to supplant dirty technologies.

The Sebastopol Climate Action Framework can be supported by the State of California passing the Polluters Pay Climate Superfund and funding climate action. Here are some of the actions that could benefit from that funding:

- T3. Make biking, walking, and other active transportation options safer and easier by implementing a Complete Streets approach to street design.
- T4. Improve and electrify public transportation options.
- T5. Support a rapid, equitable transition to electric vehicles (EVs) for trips requiring a personal vehicle.
- LU2. Maintain and expand carbon sequestration potential and adaptation benefits through nature-based solutions
- BE1. Reduce greenhouse gas (GHG) emissions from buildings and support better community health by eliminating natural gas use in new buildings, electrifying existing structures, minimizing embodied carbon in new construction and remodels, and making all buildings more energy efficient.
- BE2. Support low-income residents, renters, and others who face barriers to electrification or energy efficiency upgrades.
- BE3. Expand the installation of solar panels and other renewable energy sources, both locally and in partnership with other entities in Sonoma County, to further decarbonize Sebastopol's electricity supply.
- BE4. Maximize water conservation and reuse.
- BE5. Make buildings more resistant to climate change impacts, such as damage from floods, wildfires, extreme weather events, and other climate hazards.
- C5. Improve community preparedness for climate-influenced hazards.
- CO2. Pursue adequate funding and staffing needed to implement climate solutions, including robust community education and engagement activities.
- CO3. Reach carbon neutrality for all City-owned buildings and City operations by 2030 or sooner.
- CO4. Provide transparent and bold leadership on climate.

According to Woody Hastings of the Climate Center (as of August 25, 2025), there are about 58 California cities and counties at some level of consideration. The following cities and counties have adopted resolutions:

San Francisco County	Passed
Albany City Council	Passed
Berkeley City Council	Passed
San Diego City Council	Passed
LA City Council	Passed
Port Hueneme City Council	Passed
Santa Cruz County	Passed
Laguna Beach	Passed
La Mesa City Council	Passed

Sonoma County staff asked to bring it in October, date uncertain. Santa Rosa, Rohnert Park, City of Sonoma, and Petaluma have all been asked and are all looking at it. The Cotati City Council passed a resolution in support of the enactment during their meeting on October 14, 2025.

Existing Cap and Trade

Under authority from the California Global Warming Solutions Act (AB 32) and its extensions (e.g. AB 398), CARB issues a limited number of annual GHG "allowances" or permits up to a cap; covered emitters must surrender allowances for emissions or purchase/trade them. The cap declines over time, forcing overall emissions reductions from covered sectors. The program covers large point sources and fuel producers/importers, accounting for a significant share of statewide emissions. Revenue from allowance auctions (and other related sources) is directed to various climate, clean energy, and adaptation programs. The program is forward-looking (i.e. regulates current and future emissions) and is not primarily designed to recover past damages. In 2025, the State Legislature extended the cap-and-trade program (renamed "cap and invest") through 2045.

Proposed Polluters Pay Superfund Act

AB 1243 / SB 684 is designed to operate in addition to existing climate policy tools; it is not a replacement for cap-and-trade. It seeks retrospective cost recovery (i.e. for climate harms and damages caused over time, especially from 1990 through 2024) rather than allowance pricing of future emissions. CalEPA would conduct a "climate cost study" to quantify total damages attributable to fossil fuel emissions over the covered period, project forward damages through 2045, then allocate to "responsible parties" a share of that cost in proportion to their emissions over that historical period. Collected cost recovery demands would be deposited in a new Polluters Pay Climate Superfund Fund in the State Treasury and, upon appropriation by the Legislature, used to fund adaptation, mitigation, resilience, disaster response, and programs benefiting disadvantaged communities.

Summary Comparison

The superfund approach is a supplemental "polluters pay" surcharge, focused on historic and cumulative responsibility, distinct from permit-based pricing of future emissions under cap and trade. However, the methodology for cost allocation will need to account for already regulated emissions and avoid effectively charging twice for the same emissions under different regimes.

The following table provides a more detailed comparison and relationship between the existing cap and trade program and the proposed Superfund Act.

Category	Polluters Pay Climate Superfund Act (AB 1243 / SB 684)	California Cap-and-Trade Program (AB 32, AB 398, etc.)	Interaction / Relationship
Core Purpose	Recover the historical and ongoing costs of climate damages from major fossil fuel producers.	Reduce current and future emissions by setting an economy-wide declining emissions cap and allowing trading.	Complementary but distinct: one is retrospective (liability), the other prospective (prevention).
Policy Mechanism	"Cost recovery" demands (retroactive fees) on fossil fuel companies proportional to their historical greenhouse gas emissions.	Market-based allowance trading; covered entities must purchase or surrender allowances for each ton of emissions.	Different legal bases: Polluters Pay = liability/restitution; Cap-and-Trade = permit-based compliance system.

Regulatory Agency	California Environmental Protection Agency (CalEPA).	California Air Resources Board (CARB).	Agencies will need coordination to avoid conflicting definitions of emissions and responsible entities.
Covered Entities	"Responsible parties" — mainly large fossil-fuel producers, extractors, refiners, and importers.	Large stationary sources, utilities, fuel suppliers, and importers above emissions thresholds.	Overlap likely in refinery/fuel sectors — these entities would be subject to both regimes.
Time Frame of Responsibility	Historical (approx. 1990–2024) and prospective damages through 2045.	Ongoing and future emissions (2021–2045, extended).	Sequential coverage: Cap-and-Trade governs the future, Polluters Pay covers the past.
Revenue Destination	"Polluters Pay Climate Superfund Fund" — used for adaptation, resilience, wildfire recovery, and EJ programs.	Greenhouse Gas Reduction Fund (GGRF) — used for mitigation and clean-energy investments.	Potential coordination challenge: ensure funding priorities complement rather than duplicate.
Revenue Predictability	Uncertain; depends on outcome of climate-cost study, assessments, and litigation.	Moderate; allowance auctions occur quarterly with relatively predictable revenue.	Synergy: Polluters Pay could supplement GGRF in years of low allowance prices.
Economic Signal	One-time or periodic lump-sum liability → limited marginal incentive effect.	Continuous price signal → incentivizes emission reductions.	Complementary: one recovers damages, the other shapes future behavior.
Legal Basis	State cost-recovery authority modeled after environmental superfund principles (e.g., CERCLA).	Emissions regulation under AB 32 authority.	Distinct legal frameworks—but both could face challenges over federal preemption or commerce clause if applied to out-of-state actors.
Litigation Risk	High — retroactive liability and extraterritorial reach likely contested.	Moderate — program upheld previously in courts.	Risk of cross-impact: lawsuits on Polluters Pay could cite conflict with cap-and-trade regulation.
Equity & Justice Focus	Targets historical polluters to shift cost burden away from taxpayers; emphasizes climate justice and community recovery.	Funds various programs, many benefiting disadvantaged communities (e.g., via SB 535, AB 1550).	Reinforcing equity emphasis: both target community benefits, though with distinct legal rationales.

STAFF ANALYSIS:
Cal Cities (formerly the League of California Cities) is a statewide advocacy organization that represents California's cities at the State Capitol. It provides a platform for city officials to share experiences, exchange best practices, and advocate for policies that benefit local governments and residents. Each year, Cal Cities monitors hundreds of bills and often seeks member city input to strengthen advocacy efforts. Sebastopol participates in this process through its Council Liaison and Legislative Committee Chair, Vice Mayor McLewis, who provides updates on Cal Cities legislative activities. As of writing this staff report, Cal Cities has not provided any further comments regarding this legislation.

The original agenda report recommended that staff contact the City's Cal Cities representative, Nancy Hall Bennett, who confirmed that Cal Cities has not taken a position on SB 684 or AB 1243. Furthermore, both bills failed to advance through the second-house policy committees in 2025. They may be reconsidered when the Legislature reconvenes in January 2026.

Since that agenda report, staff has learned that the two bills are now co-authored by Representatives Damon Connolly and Chris Rogers.

COMMUNITY OUTREACH:
This item has been noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to the scheduled meeting date.

FISCAL IMPACT:
There is no anticipated direct fiscal impact associated with the recommended action tonight. It is possible that, if enacted, there would be new revenue available from the state for mitigation, adaptation, and disaster response. However, most of Sonoma County does not contain what are generally considered disadvantaged communities. The bills, as currently drafted, require no less than 40% of the funding to go to disadvantaged communities.

The actual amounts (and timing) are highly uncertain and depend on the climate-cost study, CalEPA's determinations, legal outcomes, and legislative appropriation decisions. Any funds would be deposited to a state trust/fund and distributed only upon appropriation.

If enacted, the program would create new charges for certain industries. It is unknown how or if they would pass the costs back through in their products and services.

RESTATED RECOMMENDATION:
It is recommended that the City Council adopt a resolution supporting the enactment of the proposed Polluters Pay Climate Superfund Act (SB 684/AB 1243).

OPTIONS:
1. Do not adopt a resolution, and instead write letters of support for the proposed Polluters Pay Climate Superfund Act.
2. Deny the resolution and do not write letters of support for the proposed Polluters Pay Climate Superfund Act at this time and revisit the matter in January 2026 if the legislation is reintroduced.

ATTACHMENTS:
Draft Resolution in Support of California Polluters Pay Climate Superfund Act

Draft Letter of Support (Alternative to Resolution)

APPROVALS:

Department Head Approval: Approval Date: 10/15/2025

CEQA Determination (Planning): Approval Date: 10/14/2025

The proposed action is not a project under the California Environmental Quality Act (CEQA)

Administrative Services (Financial) Approval Date: N/A______

Costs authorized in City Approved Budget: ☐ Yes ☐ No ☑ N/A

Account Code (if applicable) ______________________________

City Attorney Approval: Approval Date: N/A

City Manager Approval: Approval Date: 10/15/2025

CITY OF SEBASTOPOL
RESOLUTION NO. XXXXX-2025

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEBASTOPOL SUPPORTING THE CALIFORNIA POLLUTERS PAY CLIMATE SUPERFUND ACT.

WHEREAS, the climate crisis, resulting primarily from the combustion of fossil fuels, is an immediate, grave threat to the people, communities, biodiversity, environment, and economy of the state and to local communities; and

WHEREAS, California communities, including The City of Sebastopol are under siege by escalating fires, floods, droughts, and other disasters. From 1980–2024, 46 extreme weather and climate disaster events impacted California, with losses exceeding $1 billion each; and

WHEREAS, in January 2025, the nation watched in horror as fatal firestorms raged across Los Angeles and Ventura Counties, killing 30 beloved community members, destroying entire communities and forcing tens of thousands of residents to evacuate. Over 12,000 homes, businesses and institutions burned in the apocalyptic fires. The devastation is estimated to cost Californians a staggering $250 to $275 billion; and

WHEREAS, across the state, local governments and taxpayers are bearing the immense, mounting costs of rebuilding from climate damages, increased insurance premiums, property taxes, and utility bills. State and local budgets are stretched to the brink as climate risks rise, jeopardizing public services, and forcing communities to carry the burden to address climate-related emergencies; and

WHEREAS, currently pending before the California state Assembly and Senate are two tandem bills, Assembly Bill 1243 (Addis, coauthored by Damon Connolly and Chris Rogers) and Senate Bill 684 (Menjivar), that seek to create the Polluters Pay Climate Superfund Act (Superfund Act); and

WHEREAS, the Superfund Act will require the multinational fossil fuel companies that are responsible for and profiting in the billions from the climate emergency help pay for their damages; and

WHEREAS, the Superfund Act will direct CalEPA to complete a first-of-its-kind comprehensive study of the true cost of climate damage to ensure polluters pay their fair share. The Act will hold the largest polluters accountable for the costs to California from climate damage caused by their products with compensatory fee amounts proportional to companies' self-reported past emissions from 1990-2024; and

WHEREAS, the policy advances California's commitment to equity and environmental justice. At least 40% of funds from the Polluters Pay Climate Fund will go to disadvantaged communities to remedy past climate damages and build a more resilient and equitable California. The funds will support urgently-needed projects such as implementing wildfire prevention measures like home hardening, upgrading stormwater management systems to prevent flooding, and installing solar panels and energy storage systems to reduce energy costs and increase resilience during power outages. Additionally, these funds could help develop urban green spaces to mitigate heat islands and improve air quality. Importantly, it could fund programs to support first responders and additional workers who provide essential services during climate disasters; and

WHEREAS, the states of New York and Vermont have enacted their versions of a climate superfund similar to this one; and

WHEREAS, The City of Sebastopol should support the Superfund Act because it is aligned with existing City of Sebastopol climate policies as enumerated in the City General Plan and the Climate Action Framework, and because it proposes to shift the burden of paying for the high costs of recovery from climate calamities from California taxpayers to the international oil and gas corporations that have been recording year-over-year profits in the many billions of dollars for the past few years,

NOW THEREFORE BE IT RESOLVED, that the City of Sebastopol strongly supports the Polluters Pay Climate Superfund Act, and encourages State representatives to enact it.

A copy of this resolution will be sent to our State Assembly and Senate representatives, the Attorney General, and the Governor.

The above and foregoing Resolution was duly passed, approved, and adopted at a meeting by the City Council on the 21st day of October, 2025.

I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by the City of Sebastopol City Council by the following vote:

VOTE:
Ayes:
Noes:
Absent:
Abstain:

APPROVED: ______________________________
Mayor Stephen Zollman

ATTEST: ____
Mary Gourley, Interim City Manager/City Clerk, MMC

Approved as to Form: ____
Alex Mog, City Attorney

The Honorable Senator Caroline Menjivar
1021 O Street, Suite 6630
Sacramento, CA 95814

[Date]

Subject: SB 684 – Polluters Pay Climate Superfund Legislation – SUPPORT

Dear Senator Menjivar:

The City of Sebastopol supports your bill SB 684, The California Polluters Pay Climate Superfund Act.

The climate crisis, resulting primarily from the combustion of fossil fuels, is an immediate, grave threat to the people, communities, biodiversity, environment, and economy of the state and to local communities.

The City of Sebastopol has experienced impacts from escalating fires, floods, droughts, and other disasters related to climate change. From 1980–2024, 46 extreme weather and climate disaster events impacted California, with losses exceeding $1 billion each.

In January 2025 fatal firestorms raged across Los Angeles and Ventura Counties, killing 30 people, destroying entire communities and forcing tens of thousands of residents to evacuate. Over 12,000 homes, businesses and institutions burned. The devastation is estimated to cost Californians a staggering $250 to $275 billion; and

Across the state, local governments and taxpayers are bearing the immense, mounting costs of rebuilding from climate damages, increased insurance premiums, property taxes, and utility bills. State and local budgets are stretched to the brink as climate risks rise, jeopardizing public services, and forcing communities like Sebastopol to carry the burden to address climate-related emergencies.

Your bill, Senate Bill 684, the Polluters Pay Climate Superfund Act (Act), will require the multinational fossil fuel companies that are responsible for and profiting in the billions from the climate emergency help pay for their damages.

The bill directs CalEPA to complete a first-of-its-kind comprehensive study of the true cost of climate damage to ensure polluters pay their fair share. The Act will hold the largest polluters accountable for the costs to California from climate damage caused by their products with compensatory fee amounts proportional to companies' self-reported past emissions from 1990-2024.

SB 684 also advances California's commitment to equity and environmental justice. At least 40% of funds from the Polluters Pay Climate Fund will go to disadvantaged communities to remedy past climate damages and build a more resilient and equitable California. The funds will support urgently-needed projects such as implementing wildfire prevention measures like home hardening, upgrading stormwater management systems to prevent flooding, and installing solar panels and energy storage systems to reduce energy costs and increase resilience during power outages. Additionally, these funds could help develop urban green spaces to mitigate heat islands and improve air quality. Importantly, it could fund programs to support first responders and additional workers who provide essential services during climate disasters.

The City of Sebastopol supports the Act because it is aligned with existing City of Sebastopol climate policies as enumerated in the City General Plan and the Climate Action Framework, and because it proposes to shift the burden of paying for the high costs of recovery from climate calamities from California taxpayers to the international oil and gas corporations that have been recording year-over-year profits in the many billions of dollars for the past few years.

The City of Sebastopol strongly supports SB 684, The Polluters Pay Climate Superfund Act, and encourages State representatives to enact it.

Respectfully,

[Sebastopol Mayor and City Council]

cc:
Honorable Mike McGuire, Senate President Pro Tempore
Honorable Chris Rogers, Assemblymember, District 2
The Climate Center (woody@theclimatecenter.org)

The Honorable Assemblymember Dawn Addis
1021 O Street, Suite 4120
P.O. Box 942849
Sacramento, CA 94249-0030

[Date]

Subject: AB 1243 – Polluters Pay Climate Superfund Legislation – SUPPORT

Dear Assemblymember Addis

The City of Sebastopol supports your bill AB 1243, The California Polluters Pay Climate Superfund Act.

The climate crisis, resulting primarily from the combustion of fossil fuels, is an immediate, grave threat to the people, communities, biodiversity, environment, and economy of the state and to local communities.

The City of Sebastopol has experienced impacts from escalating fires, floods, droughts, and other disasters related to climate change. From 1980–2024, 46 extreme weather and climate disaster events impacted California, with losses exceeding $1 billion each.

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The City of Sebastopol strongly supports AB 1243, The Polluters Pay Climate Superfund Act, and encourages State representatives to enact it.

Respectfully,

[Sebastopol Mayor and City Council]

cc:
Honorable Mike McGuire, Senate President Pro Tempore
Honorable Chris Rogers, Assemblymember, District 2
The Climate Center (woody@theclimatecenter.org)