



DATE: June 2, 2025

MEMO TO: Paul Frank, Chair
Planning Committee

Sara Knizhnik, Chair
Operations Committee

Gina Roberts, Chair
Finance Committee

FROM: Pati Vitt
Director of Natural Resources

FOR INFORMATION ONLY: District staff is exploring the potential sale of carbon credits in coordination with the Morton Arboretum and City Forest Credits to support funding the Endowment Fund of the Preservation Foundation of the Lake County Forest Preserves.

STRATEGIC DIRECTIONS SUPPORTED: Leadership, Conservation, Organizational Sustainability

FINANCIAL DATA: There is no financial impact at this time. Carbon credits will require assessment and registration prior to any sale. Gross revenue from the sale of credits generated by the properties identified below is currently estimated between \$156,000 and \$208,000 but will depend on market rates at the time of sale. District staff recommends that all credit revenues be directed to the Preservation Foundation's Endowment Fund.

BACKGROUND: As part of the approved Road Map to 2025, the District is committed to seeking Nature-Based Solutions for Climate Resiliency. On March 1, 2021, the District's Planning, Operations and Finance Committees provided policy direction to District staff to investigate mechanisms for establishing carbon sequestration and ecosystem service credits that can be sold on the open market to fund future habitat restoration. Carbon sequestration is the long-term removal, capture, or sequestration of carbon dioxide from the atmosphere to slow or reverse atmospheric carbon dioxide pollution, with the intent of mitigating or reversing global warming. Each carbon sequestration credit represents one metric ton of CO₂ and estimated quantified ecosystem co-benefits, including rainfall interception, air quality effects, and heating and cooling efforts.

On December 14, 2021, the District approved a Project Implementation Agreement with City Forest Credits, a nonprofit carbon registry, for the verification and administration of carbon credits from the District's ongoing reforestation program and (ii) a Purchase Agreement with Regen Network for Regen's purchase of verified carbon credits from that program. Under that program, tree plantings were expected to remove 6154 tons of CO₂, generating 615.4 carbon credits. Additional credits for rainfall interception and air quality improvements, among others, were also generated. Altogether, these credits generated a total revenue of \$219,120.95, which will be paid out incrementally over the 26 year timeframe of the project.

In 2025, the Morton Arboretum, in collaboration with City Forest Credits, is accepting applications for enrollment of planting and preservation projects into a region-wide carbon crediting program. Under this program, recently acquired properties that were under threat of development may have potential to generate carbon credits for preserving the existing trees located at the properties. City Forest Credits will register carbon credits for sale pending assessment from a third party.

Throughout 2025, the Morton Arboretum will pay assessment fees for qualifying new preservation projects. Once registered and assessed, the credits may be sold on the open market. District staff are proposing three parcels for preservation credits: the Brownlee parcel at Wadsworth Savanna and the Fogel and Frank parcels at Lotus Country. Only the portions of these parcels that contain a native tree overstory with a minimum of 80% canopy coverage qualify for credits. Approximately 11.42 acres at Brownlee, 10.51 acres at Fogel, and 23.15 acres at Frank will be submitted for consideration, with final quantification occurring during the Morton Arboretum assessment.

Gross credit revenue from the sale of credits generated by these properties is estimated between \$156,000 and \$208,000 but will ultimately depend on market rates at the time of sale.

The project will be submitted jointly by the District and the Preservation Foundation of the Lake County Forest Preserves. In the previous program design, City Forest Credits acted as the broker for the sale of credits, and in this program the Community Engagement & Partnerships Department will be responsible for the sale of credits.

Any contracts for the sale of carbon credits will be presented to the Committees for review and recommendation and to the full Board of Commissioners for final review.

REVIEW BY OTHERS: Chief Operations Officer, Director of Finance, Director of Community Engagement & Partnerships, Manager of Board Operations, Corporate Counsel.