

# Reservoir Committee and Authority Board Meeting

Agenda Item 3.1: Biological Terrestrial  
Mitigation Strategy

September 19, 2025

# Why is mitigation important?

- Many of our permits require mitigation in place prior to construction or financial security
  - Late mitigation = increased cost for the Authority
  - Important for mitigation to get ahead of construction to control costs
- Biological terrestrial mitigation is the Project's largest construction mitigation cost
- Construction targeted to start in early 2027

# Strategy → RFQ, RFP and Contract



# Minimum Acreage Commitment

- Several commenters requested a minimum acreage commitment for mitigation (i.e., providing assurances to the contractor for guaranteed minimum purchase)
- Staff Assessment:
  - Would likely provide greater cost predictability and efficiency
  - Would incentivize early mitigation and larger mitigation areas, which increases construction schedule certainty and reduces risk of needing financial securities
- Staff Recommendation:
  - Mitigation Agreement should include minimum acreage commitments
  - Staff is considering how to structure to avoid the Authority over-mitigating

# Bonding Requirements

- Some commenters recommended separate bonding requirements per Task Order rather than requiring that the entire contract value be covered by a single bond
- Others make the opposite recommendation
- Staff Assessment:
  - A single bond could limit the bond carrier options, and limit the potential prime mitigation contracts who can access such bond capacity
  - Phasing the bonding requirement into smaller, incremental bonds can potentially put the Authority at risk if the contractor does not perform
- Staff Recommendation:
  - Bond at Task Order level – staff considering limited number of Task Orders, so these are still decently large bonds

# Labor Considerations

- Some commentors raised questions about the need/desirability to comply with specific skilled and trained workforce requirements and/or enter into a project labor agreement
- Staff Assessment:
  - Mitigation Agreement is being procured through the AB 2251/Public Contract Code Section 20928 RFQ/RFP process, it is necessary for the Mitigation Contractor to comply with the skilled and trained workforce requirements for construction activities
  - Authority's Construction Workforce Policy is applicable to any construction actions in an alternative delivery method contract
- Staff Recommendation:
  - Compliance with AB 2251 is mandatory
  - Compliance with the Authority's Construction Workforce Policy is mandatory

# Use of Sites-Owned Property/Annual Price Adjustments

- Several commentors requested clarification on:
  - Use of land acquired by the Authority to provide compensatory mitigation
  - How the Mitigation Agreement will address annual price increases since the contract will span multiple years
- Staff Assessment:
  - Mitigation on remanent parcels acquired by the Authority should be considered and should result in a price adjustment
  - Price adjustments over time are reasonable
- Staff Recommendation:
  - Evaluate both in the RFP and contract negotiation stage

# Target Schedule

- Sept 2025 – Informational item at RC/AB Meeting
- Oct 2025 – Authority Board and Reservoir Committee consider approval for the Executive Director to issue the RFQ

**Thank you!**

