



Meeting: **Reservoir Committee & Authority Board Agenda
Item 2.1**

October 16, 2026

Subject: **Contract for Administration of Public Benefits with CDFW and DWR Final
Delivery Quantities and Extension of Flood and Recreation Benefits**

Requested Action:

Reservoir Committee and Authority Board consider approval of: (1) Contract for Administration of Public Benefits (CAPBs) final delivery quantities for ecosystem and drought emergency contingent upon the Project's final water right being substantially the same as the September 3 Revised Draft Permit and (2) increasing the flood and recreation benefit duration from 75 years to 92 years.

Detailed Description/Background:

At the May 2026 meeting, the Reservoir Committee and Authority Board approved the terms of the Ecosystem CAPB with the California Department of Fish and Wildlife (CDFW) and the Flood, Recreation, and Emergency Supplies CAPB with the California Department of Water Resources (DWR). The May 2026 action was limited to considering the terms of the CAPBs. Future action was identified to (1) accept the final proposed delivery quantities for each CAPB based on water right revisions and (2) final authorization to sign the CAPBs after the final water right is issued and final changes to the CAPB based on public comment are made.

To clarify, today's proposed action is to approve the proposed final delivery quantities for each CAPB and to reflect these values in the Draft Final Funding Award Hearing Request (see item 2.2 on today's agenda). The values being proposed consider the conditions specified in the September 3, 2026 Revised Draft Sites Water Right. Should there be any changes in the Project's final water right as compared to the September 3 Revised Draft Permit, further delivery quantity adjustments may be necessary. A future action will be taken for final approval of the CAPBs after the final water right is issued and any final changes to the CAPB based on public comment are made.

It is important to finalize delivery quantities now to complete an assessment of the valuation of the public benefits and finalize the CAPBs. Finalizing these values now allows all Participants and Reclamation to anticipate the final State contribution to the Project since the State's amount can have effects on other Storage Partner cost share. The current total MCED for the Project was set in June 2026 and is approximately \$1.363 billion.

Authority staff have assessed the recent CalSim 3 modeling incorporating the September 3 Revised Draft Water Right Permit conditions and have assessed the results for both the Dry Year Prioritization and Top Speed scenarios. Staff is recommending using the values from the Dry Year Prioritization scenario for the updated CAPB delivery quantities.

Ecosystem CAPB:

Based on assessment of the modeling results, staff is recommending the delivery numbers in Table 1 for the Ecosystem CAPB.

Table 1. Projected Annual Average Volumes of Deliveries under the Ecosystem CAPB by Water Year Type (all values in AF)

Location	Wet	Above Normal	Below Normal	Dry	Critical	Long-term Average
South of Delta	23,400	31,200	31,700	35,200	13,600	26,300
North of Delta	0	18,700	9,700	11,200	5,900	7,500

Rounded to the nearest hundred AF.

These values are slightly higher for SOD and slightly lower for NOD but similar overall as compared to the values that were used as the basis of the June 2026 CWC supplemental award. Over the 70-year term of the Contract, the Authority is to deliver 527,000 acre-feet to wetland areas NOD and 1,842,000 acre-feet to wetland areas SOD, for a total delivery of 2,369,000 acre-feet. The difference associated with these new quantities may result in approximately \$40 million of additional Prop 1 funding for ecosystem public benefits.

In May 2026 the Board requested clarification of loss responsibility assignment within these delivery quantities. The values in Table 1 account for carriage water losses through the Delta, and other losses, such as losses in the reservoir for evaporation and seepage and losses in the local conveyance systems (for diversions). All losses have been accounted for in the same manner as is done in the model for all other Storage Partners. The 17.3% share of Base and Downstream Capacity estimated to be necessary to generate these deliveries is sized for accommodating these losses, i.e., none of the other Storage Partners Sites water quantity is affected in the model by delivering the public benefits. See below for more information about the valuation of conveyance costs included within the MCED and see Attachment A showing the anticipated conveyance costs and whether they are included in the current MCED.

Flood, Recreation and Drought Emergency Supply CAPB:

Based on the modeling assessment, staff is recommending to change the Drought Emergency Supply benefit delivery quantities to be as follows. This change was reviewed with an informal group of SOD M&I Participants, and they concur with making this change.

Target Volume: 354,600 AF, based on an assumption of six (6) drought emergency years occurring during the 35-year contract term.

Intermediate Targets: 1st Drought Emergency: 59,100 AF
 2nd Drought Emergency: 118,000 AF
 3rd Drought Emergency: 177,300 AF
 4th Drought Emergency: 236,400 AF
 5th Drought Emergency: 295,500 AF
 6th Drought Emergency: 354,600 AF

The expected change in MCED associated with these increased public benefits is estimated to be about \$140 million.

The Emergency Supply benefit is proposed for a 35-year duration (no change). Since the frequency of drought emergency years is highly dependent on hydrologic conditions, the Authority is only responsible for meeting the target volumes for the number of drought emergency years that occur during the 35-year contract term. The Board may wish to consider at some future date when and if additional Prop 1 funds become available, continuing to provide these public benefits beyond 35 years. The resulting valuation is in the range of an additional \$140 million if served for 92 years instead of 35 years. Staff would like to have the leeway to modulate the term for drought emergency public benefits to fit the final MCED within the available funds.

Also, per the technical regulations the valuation of the SOD drought emergency deliveries should include a conveyance cost in the MCED valuation which is estimated to be \$20m.

Staff is also recommending that the Reservoir Committee and Authority Board consider increasing the duration of the flood and recreation benefits from the currently proposed 75 years to 92 years. This is anticipated to increase the economic benefits by approximately \$14 million over the term of the CAPB and the Authority would request an increase in the Project's MCED from the CWC. The rationale is that these public benefits would continue as long as the reservoir exists as is current standard practice at similar facilities.

Other Proposed Adjustments Affecting the MCED

In the June 2026 supplemental funding determination, the CWC added conveyance cost items to the funding total representing the estimated wheeling cost for local agencies to convey Sites Water to NOD refuges.

The Authority has requested and it is expected that the final award determination by the CWC will similarly include funds for conveyance costs associated with DWR

exchanges involving Oroville storage and conveyance from Banks Pumping Plant to Reach 3 of the California Aqueduct for the conveyance of Sites Water to NOD and SOD refuges. When included, it is expected the total funds made available within the Prop 1 award for these purposes will be approximately \$59 million.

Also, it is expected that the final award would include an increase for escalation since the June 2026 supplemental which was based on an April 2026 RCCI. This could be an additional \$25 million.

In summary, the anticipated final award adjustments could be as much as follows:

Cost Escalation	\$25m
Updated Delivery Quantities – Ecosystem and Drought Emergency	\$180m
Term of Rec/Flood – 75 yrs to 92 yrs	\$14m
DWR Conveyance and Oroville Storage Cost for refuge deliveries	\$59m
SOD Conveyance cost adjustment to Drought Emergency Valuation	\$20m
Term of Drought Emergency – >35 yrs	TBD
Total	\$273m

Prior Action:

May 2026: Reservoir Committee and Authority Board accept the tentatively agreed terms contained in the CAPB with CDFW while withholding final determination on delivery quantities until after the issuance of the final water right and conditioned upon no substantial changes from the terms in the CAPB as a result of public comments.

May 2026: Reservoir Committee and Authority Board accept the tentatively agreed terms contained in the CAPB with DWR while withholding final determination on delivery quantities for emergency response until after the issuance of the final water right and conditioned upon no substantial changes to the terms in the CAPB as a result of public comments.

Fiscal Impact/Funding Source:

There is sufficient funding in the Amendment 3 Work Plan to develop and complete the CAPB. See the May 2026 staff reports (identified above) for a discussion of the long-term perspective of the fiscal impact of the CAPBs.

Staff Contact:

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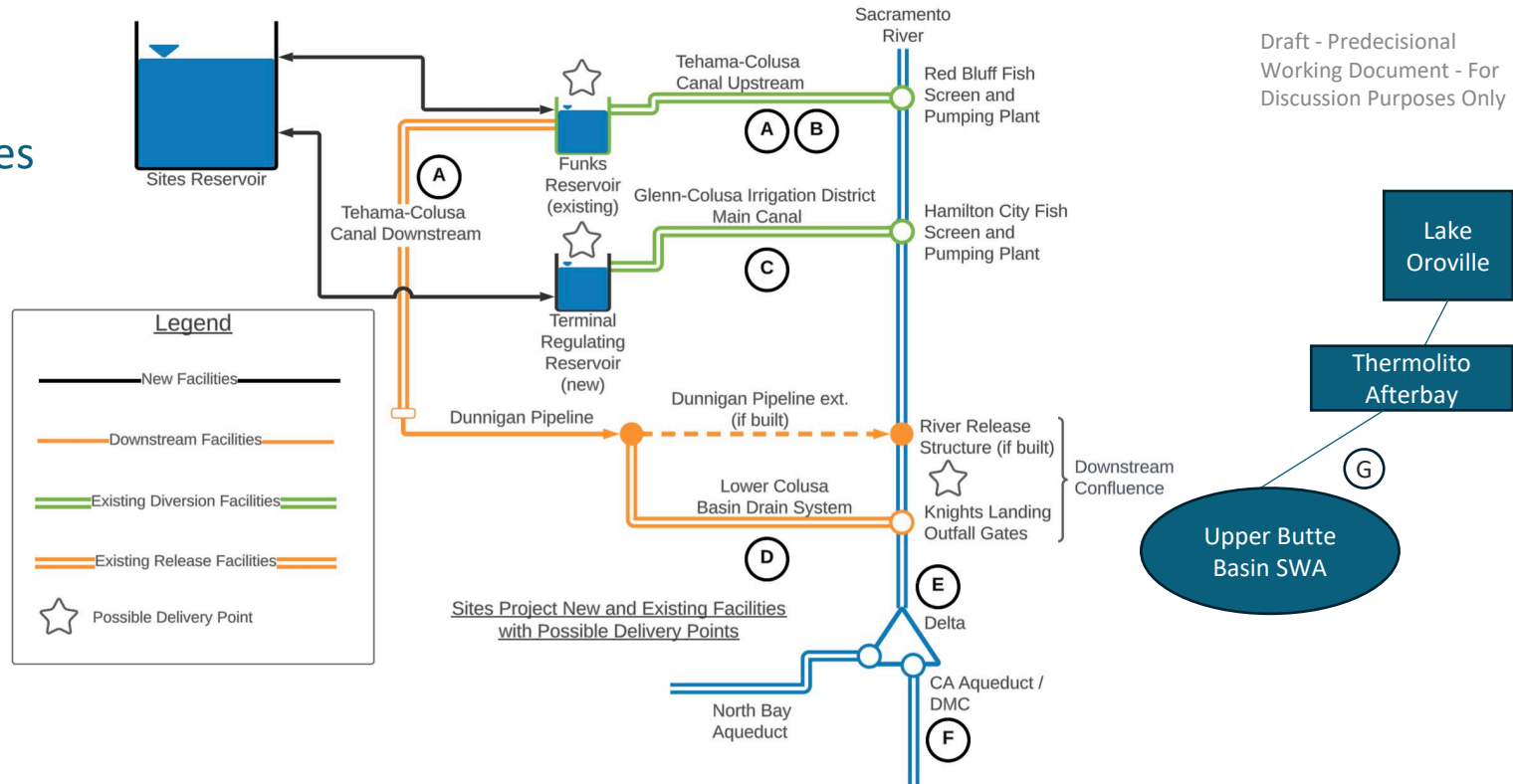
Primary Service Provider:

AECOM and MBK Engineers

Attachments:

Attachment A – Diagram Showing State Prop 1 Refuge Deliveries and Associated Conveyance Costs

State Prop 1 Refuge Deliveries



Pt	Covered Under	Estimated Conveyance Cost (approx 2026\$, excludes power)	Included in MCED
A	TCCA, FUA	\$15/AF fill, \$10/AF releases	Yes
B	Recl, Excess Capacity	\$4/AF, covers fills and releases	Yes
C	GCID, FUA	\$24/AF fill (includes power costs)	Yes
D	Various, incl. RD108 Ops	\$33/AF releases (includes losses, lost opportunity costs, and RD108 charges)	No
E	DWR/Reclamation Ops Agmt	20%-30% Carriage Water Loss (in Ops model)	Yes
F	DWR, Conveyance	\$65/AF (Banks PP to reach 3)	Proposed
G	DWR, Exchange Western or Richvale ID, MOU	\$27/af \$10-\$15/af	Proposed Yes