

Requested Action:

Reservoir Committee and Authority Board accept the tentatively agreed terms contained in the Contract for Administration of Public Benefit (CAPB) with the California Department of Fish and Wildlife (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.

Detailed Description/Background:

Under Proposition 1, \$2.7 billion was dedicated to water storage projects that provide measurable public benefits, with at least 50% of those benefits required to be ecosystem improvements. The California Water Commission (CWC) administers the Water Storage Investment Program (WSIP) and made a Maximum Conditional Eligibility Determination for the Sites Reservoir Project. Final WSIP funding requires execution of contracts with each administering public agency responsible for identified public benefits.

To clarify, today's proposed action is limited to considering the terms of the CAPB. A future action will be requested to accept the proposed deliveries and the amount of funds that the State would commit to the Project in exchange for the public benefits being contracted for.

As trustee agency for fish and wildlife resources, CDFW is responsible for (1) making findings that the public ecosystem benefits meet statutory requirements; and (2) entering into a contract with the Authority to administer those benefits. The Ecosystem CAPB will fulfill this statutory requirement. The Ecosystem CAPB establishes: the specific public ecosystem benefits to be contractually provided by the Authority and Participants; an Adaptive Management Plan to specific metrics and actions the Authority commits to implement to ensure best efforts toward achieving specified public benefits within the term of the CAPB; and monitoring and reporting requirements. The Sites Project Ecosystem Draft CAPB is included in Attachment A. A summary of the Reservoir Committee and Authority Board's prior direction to Staff in development of the CAPB, along with how each aspect was addressed, is included in Attachment B. Staff feel that all of the key components identified by the Reservoir

Committee and Authority Board were addressed in the draft CAPB, consistent with the direction provided.

The Ecosystem CAPB identifies the ecosystem benefit as “wetland habitat enhancement – to enhance seasonal wetlands, permanent wetlands, or riparian habitat for aquatic and terrestrial species on either state or federal wildlife refuges, other public lands, or private lands”. (Note that water into the Yolo Bypass for the benefit of Delta smelt is no longer being considered as the California Department of Water Resources has found in its study effort that this action can have mixed and uncertain ecosystem outcomes.) The wetland habitat enhancement benefit can be achieved through delivery of Incremental Level 4 water under the Central Valley Project Improvement Act or through delivery of water to enhance other seasonal wetlands, permanent wetlands, and riparian habitat under specific, measurable criteria.

The Ecosystem CAPB is structured to achieve certain public benefits, which are different from participants who are acquiring a Capacity Interest in the Project facilities. It will be Authority’s obligation under the CAPB to achieve the public benefits, subject to certain limitations and specified adaptive management. The Ecosystem CAPB identifies two key Authority obligations as follows:

1. **Water Delivery to Place of Use** – In the Ecosystem CAPB, the Authority is committing to a cumulative total volume of water delivered to Wetland Habitats both north and south of Delta over the term of the Contract in exchange for State funding commensurate with the public benefits. Annual average water year type targets are identified to assist in planning purposes, but are not binding. Rather, the Authority is to work to achieve the minimum cumulative delivery schedule in Metric 1 (see Table 2, page 31 of 38 in Attachment A). This minimum cumulative delivery schedule has been formulated to achieve a ramp up of deliveries overtime, with lower targets in the early years and targets ramping up to the full cumulative delivery amount by the end of the contract period. Generally, the total deliveries equate to the average annual deliveries over the term of the CAPB. Staff are still working on the cumulative delivery amount and annual average water year type targets as these numbers are affected by terms of the final water right. Staff will return at a future Board meeting with final numbers for the Board to approve. To achieve this cumulative total volume of water, the Authority is not obligated to use more than 17.3 percent of the Project’s Base Facilities and not more than 17.3 of the Downstream Facilities (see Metric 2 and Metric 3, page 31 of 38 in Attachment A).

If the Authority falls below the cumulative delivery schedule in Metric 1 (see Table 2, page 31 of 38 in Attachment A) in any 5-year period, then the adaptive management actions are triggered. The adaptive management actions are

outlined on page 33 of 38 in Attachment A and include generally: (1) providing water in different times, to different locations, to additional areas; (2) increasing use of exchanges or other mechanisms to deliver water; (3) ensuring the Authority is using the up to 17.3% of Base and Downstream Facilities for the ecosystem benefits; and (4) seeking to optimize operations of the 17.3% ecosystem Storage Allocation. Dispute resolution is triggered when the Authority chooses to not undertake these adaptive management actions.

2. **Agreements Required to Deliver the Benefits** – In the Ecosystem CAPB, the Authority is committing to maintaining key agreements necessary to deliver the ecosystem benefits. These include: (1) the Donation Agreement with Reclamation, whereby Reclamation accepts the refuge water at certain locations and convey the water to the refuges (approved for the Executive Directors signature at the April 2026 Board meeting); (2) the Exchange Agreement with DWR to exchange water with Oroville for the purposes of the Upper Butte Basin Wildlife Area (approved for the Executive Directors signature at the April 2026 Board meeting); (3) the Conveyance Agreement with DWR, whereby DWR will pump and convey this ecosystem water in its south of Delta facilities (will be considered under Agenda Item 02-06 of today's agenda); and (4) agreements with water districts that serve the Upper Butte Basin (approved for the Executive Directors signature at the March 2026 Board meeting). Termination or modification of these agreements that *prevents* the Authority from being able to deliver the ecosystem benefits triggers adaptive management or dispute resolution processes.

The Adaptive Management Plan defines performance thresholds, adaptive management “early warning” triggers, limits exposure by focusing on actions, not guaranteeing ecological outcomes, provides multiple off-ramps before any finding of insufficient benefit, uses dispute escalation only after collaborative adaptive management fails through a meet and confer process. The Adaptive Management Plan includes a decision-making process (page 25 of 38 in Attachment A) that focuses action on the adaptive management actions included in the CAPB and recognizes that things may have changed that are beyond the Authority's control (climate change, changed regulatory conditions, etc) that are limiting the Authority's ability to fulfil its obligations. The decision-making process goes through a number of meet and confer efforts over a number of years before elevation to the dispute resolution process. In the dispute resolution process, the Parties may agree to adjust the benefits, adjust adaptive management actions, seek alternative public benefits, or determine that providing public benefits is no longer possible. Ultimately, if all of these efforts fail, the dispute process elevates to the CWC. It is important to note that the CAPB identifies specific performance as the legal remedy if a dispute is unresolved – this means that the State would not be asking for a refund of its investment, but rather for the Authority to perform under the contract as may be modified or agreed to in a court proceeding.

The term of the CAPB is currently proposed to be 70 years. This assumes a 10-year construction period, with benefits starting in year 11 of Contract. The Contract will terminate after 70 years or earlier if the cumulative volume of water delivered has been achieved, whichever comes first. Note that the Contract does not become effective until the Funding Agreement with the CWC is signed. Thus, if the Funding Agreement is not signed for any reason, the CAPB is not effective.

At the February Reservoir Committee and Authority Board meeting, members had a few questions and suggestions relative to this Ecosystem CAPB. The following are those suggestions and how they have been addressed:

- Members expressed the need for an equal risk on changes in future hydrologic changes, climate change and regulatory changes. This is addressed in the AMP, Section 1.2, page 20 of 38 in Attachment A, which recognizes that actions are “subject to various uncertainties beyond the scope of the Authority’s control and responsibility, which can include, but are not limited to, California hydrology, future regulatory conditions, changing water operations outside of the Project’s influence, changes in land use, and climate change.”
- Members expressed the need for language in the termination section to make it clear that the ecosystem does not have a right to this water post CAPB termination. This is addressed in Section 3, Term (page 6 of 38 in Attachment A) which provides language requested by the Authority Board identifying that Parties agree that the contract does not confer any appropriative, prescriptive, or other water right on any person, entity or public agency.
- Members expressed the need for a force majeure clause, which is included in Section 1.5.2 of the AMP (page 28 of 38 in Attachment A).

Staff is continuing to work on the water delivery commitment values and targets and plans to bring them back to the Authority Board in July. Staff expects CDFW to transmit the Ecosystem CAPB to the CWC in June, which will trigger a 60-day public review period. In this June timeframe, the staff expects to have an understanding of the value of all of the Proposition 1 benefits. After review, any comments are addressed and the Agreement is finalized.

Fiscal Impact/Funding Source:

There is sufficient funding in the Amendment 3 Work Plan to develop and complete the Ecosystem CAPB. From a long-term perspective, the CAPB creates multi-decade operational, reporting, and adaptive management obligations for the Authority. The Authority’s cost risk and exposure is not tied to ecological outcomes. The Authority will be responsible for the delivery of water to the ecosystem place of use in a

quantity (after all losses) that up to 17.3% of the facilities capacity can produce), monitoring and reporting on the deliveries actually made, potential corrective actions triggered under adaptive management, and indemnification obligations.

The CAPB does not obligate the Authority to utilize any other Storage Partner capacity shares to meeting the State's CAPB deliveries nor does it place hydrologic, regulatory or operational risk on the Authority or any other Storage Partner. The most significant contractual risk is a potential finding of insufficient public benefit by CDFW and subsequent action by the CWC *in the event that the Authority is not performing the contractual actions under the Authority's control*. The remedy outlined in the draft CAPB in this situation is specific performance – meaning, ensuring the Authority performs those actions under its control (unless performance is prohibited by some outside factor beyond the Authority's control), not for return of the Proposition 1 funding. Overall, the CAPB creates a structured, performance-based, and procedurally bounded contract that seeks to balance risk to both the Authority and CDFW/CWC.

The valuation of the public benefits will not be finalized until the final funding award hearing by the CWC, currently scheduled for December 2026. The Authority has requested that the CWC consider updating the current total MCED of \$1,094,373,369 at their June 2026 meeting to reflect updated inflationary effects and other material cost escalation factors, current draft water right implications on the Project's ability to deliver public benefits, and recognize and fund an additional public benefit of drought emergency supplies.

Prior Action:

February 2026 - Received an update on the draft Contract for Public Benefits (CAPB) with the California Department of Fish and Wildlife (CDFW) for ecosystem benefits.

Staff Contact:

Ali Forsythe

Attachments:

Attachment A – Proposition 1 Water Storage Investment Program, Draft Contract for Administration of Public Ecosystem Benefits, Sites Reservoir Project

Attachment B - Summary of the Reservoir Committee and Authority Board's Direction to Staff for Development of the CAPBs and Whether / How that Direction was Addressed in the Ecosystem CAPB

**PROPOSITION 1 WATER STORAGE INVESTMENT PROGRAM
DRAFT CONTRACT FOR ADMINISTRATION OF PUBLIC ECOSYSTEM BENEFITS
SITES RESERVOIR PROJECT**

This Contract for Administration of Public Ecosystem Benefits (Contract) is made and entered into by and between the California Department of Fish and Wildlife (Department) and the Sites Project Authority (Authority) (each individually referred to herein as a “Party” and collectively as the Parties) for the Sites Reservoir Project (Project).

RECITALS

- A.** In November 2014, California voters approved Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Wat. Code, §§ 79700-79798) to provide funding for more reliable water supplies, the restoration of important species and habitat, and a more resilient and sustainably managed water infrastructure.
- B.** Chapter 8 of Proposition 1 (Wat. Code, §§ 79750-79760) dedicated \$2.7 billion for investments in water storage projects that improve the operation of the state water system, are cost effective, and provide a net improvement in ecosystem and water quality conditions. The California Water Commission (CWC) administers the Water Storage Investment Program (WSIP) to fund the public benefits associated with these projects. Through a rigorous selection process, the CWC made maximum conditional eligibility determinations (MCEDs), one for each WSIP project. The MCED represented the maximum amount of state funding a WSIP project was eligible for at the time of determination, based on the CWC's estimate of public benefits to be provided by each WSIP project. Public Benefits provided by WSIP projects may include flood control, ecosystem benefits, water quality improvements, emergency response, and recreation. At least 50% of the public benefits provided by WSIP projects must be ecosystem benefits.
- C.** Each WSIP project must enter into a contract with each public agency that administers the public benefits, after that agency makes a finding that the public benefits of the project for which that agency is responsible meet the relevant requirements of Water Code section 79750 *et seq.*
- D.** The CWC is the funding grantor of WSIP projects. The CWC awards final funding after a project completes all requirements for allocation of funds enumerated in Water Code section 79755.
- E.** As trustee agency for the State's fish and wildlife resources, the Department has jurisdiction over the conservation, protection, and management of fish, wildlife, native plants, and the habitat necessary for biologically sustainable populations of such species. (Fish & G. Code, §§ 711.7, 1802.) Pursuant to its statutory duties, the Department is responsible for making a finding that the Public Ecosystem Benefits of the project meet all the requirements of Water Code section 79750 *et seq.* and for entering into a contract with each project proponent

to administer the Public Ecosystem Benefits. (Wat. Code, § 79755; Cal. Code Regs., tit. 23, § 6013, subd. (c)(2).)

- F. The Authority is a California Joint Powers Authority, operating under and by virtue of Government Code section 6500, *et. seq.*, and formed to design, construct, own, operate and maintain the Project, under the direction of the Reservoir Management Board and the Authority Board.
- G. The Project is a proposed 1.5-million-acre foot capacity, off-stream water storage facility located in the Sacramento Valley, near the community of Maxwell. The Project diverts water primarily from the Sacramento River during higher-flow periods via existing regional infrastructure and conveys the water to the proposed reservoir site for later use. Water provided by the Project for public ecosystem benefits would be used to enhance seasonal wetlands, permanent wetlands, and riparian habitat for aquatic and terrestrial species on State and Federal wildlife refuges and on other public and private lands.
- H. The Parties recognize that the purpose of the Project is to provide both public and non-public benefits. (Wat. Code § 79753(a); Cal. Code Regs., tit. 23, § 6001 subd. (a)(53)). The Parties acknowledge that delivery of both public and non-public benefits to the fullest extent possible is necessary to maintain the Project's economic viability and delivery of either public or non-public benefits is not intended to be obtained by prioritizing one benefit over the other. This Contract only covers the public ecosystem benefits.
- I. The CWC deemed the Project feasible as required by Water Code section 79755 subdivision (a)(5)(B) on December 15, 2021.
- J. Pursuant to Water Code section 79755, subdivision (a)(3), the Department finds the following Public Ecosystem Benefits meet all of the requirements of Water Code section 79750 *et seq.*:
 - 1. Wetland Habitat Enhancement Benefit.
- K. The purpose of this Contract is to ensure that public contribution of funds pursuant to Chapter 8 of Proposition 1 for the Project achieves the Public Ecosystem Benefits identified for the Project and described herein (Wat. Code, § 79755.) The Authority's obligation with respect to providing the specified Public Ecosystem Benefits will be achieved by the Authority implementing the agreed upon Project Implementation Actions and Benefit Implementation Actions as described in this Contract and carrying out adaptive management as described in Exhibit B, incorporated by reference as though set forth in full herein.

SECTION 1 ABBREVIATIONS AND DEFINITIONS

Unless the context otherwise requires, the terms defined in this section shall for all purposes of this Contract have the meanings hereinafter specified:

- A. **Adaptive Management** – shall have the same meaning as Water Code section 85052.

- B. Adaptive Management Actions** – refers to those actions specifically identified in the Adaptive Management Plan Sections 2.1.5, 3.1.5, and 4.1.6.
- C. Adaptive Management Plan (AMP)** – the plan attached to this Contract as Exhibit B and which contains the elements required by California Code of Regulations, title 23, section 6014, subdivision (a)(2).
- D. Adaptive Management Trigger (trigger)** – shall have the same meaning as California Code of Regulations, title 23, section 6001, subdivision (a)(84).
- E. AF** – acre-feet.
- F. Annual Summary Report** – annually required report prepared by the Authority which documents the progress and status of each Public Ecosystem Benefit, as described in Section 4.3.
- G. Authority** - Sites Project Authority.
- H. Base Facilities Capacity** - the capacity allocated to store, convey and divert Sites Water in each of the Base Facilities described in Exhibit [] being designated by the Authority for the purposes of achieving the benefits described in this Contract.
- I. Benefit Environmental Response** – the ecosystem response derived from Project Implementation Actions and Benefit Implementation Actions.
- J. Benefit Implementation Actions** – defined as actions, identified in this Contract, that influence the quantity and/or quality of a Benefit Environmental Response.
- K. Best Available Science** – shall have the same meaning as California Code of Regulations, title 23, section 6001, subdivision (a)(9).
- L. CalSim 3** - California Simulation Model, version 3.
- M. Contract or CAPB** – Contract for Administration of Public Ecosystem Benefits.
- N. CVJV** – Central Valley Joint Venture.
- O. CVP** - Central Valley Project.
- P. CVPIA** – the 1992 Central Valley Project Improvement Act.
- Q. CWC** – California Water Commission.
- R. Decision-Making Body** – the group of individuals from the Department and the Authority designated by the Parties to coordinate on implementation of the Adaptive Management Plan for the Public Ecosystem Benefits.
- S. Department** – California Department of Fish and Wildlife.
- T. Donation Agreement** – the “Agreement Between the United States and Sites Project Authority Providing for Refuge Water Supplies” dated -----, 2026.
- U. Downstream Facilities Capacity** - the capacity allocated to convey Sites Water in each of the Downstream Facilities described in Exhibit [] being designated by the Authority for the purposes of achieving the benefits described in this Contract.
- V. DWR** – California Department of Water Resources.
- W. Exchange Agreement** - the “Agreement for Exchanges of Water Between the Sites Reservoir Project and State Water Project” dated -----, 2026.
- X. Feasible** – Shall have the same meaning as California Public Resources Code section 21061.1, with the exception of use in Recital I, above.
- Y. Funding Agreement** – California Water Commission Funding Agreement.

- Z. IL4** – Incremental Level 4.
- AA. Minimum Cumulative Delivery** – means the volume calculated in Section 2.1.1.1 of the Adaptive Management Plan.
- BB. Meet and Confer Process** – the process by which the Decision-Making Body collaboratively identifies limiting factors and recommends Adaptive Management Actions under Section 1.5 of the Adaptive Management Plan.
- CC. NOD** – north of Delta.
- DD. Performance threshold** – the full extent of Project Implementation Actions and Benefit Implementation Actions and the quantity of Benefit Environmental Response anticipated to be achieved by implementation of with-project actions (Project Implementation Actions and Benefit Implementation Actions) compared to without-project actions (Future Baseline) or pre-project conditions (Pre-Project Baseline), based on best available science at the time of Contract execution.
- EE. Points of Acceptance (POA)** – locations where Reclamation will accept water for IL4 deliveries to Refuges.
- FF. Project** – Sites Reservoir Project.
- GG. Project Implementation Actions** – the foundational actions the Authority must execute for derivation of Public Ecosystem Benefits.
- HH. Project Year** – Year 1 beginning with execution of the Final Funding Agreement between the Authority and CWC, i.e. Project Year 1.
- II. Pro-Rata Delivery Volume** – means the volume calculated in Section 2.1.1.1 of the Adaptive Management Plan.
- JJ. Public Benefit Dispute Process** – the procedure by which the Department and Authority seek to resolve any disagreement about the outcome of the Meet and Confer Process under Section 5 of this Contract.
- KK. Public Ecosystem Benefit** – shall have the same meaning as California Code of Regulations, title 23, section 6001, subdivision (a)(63) and Water Code section 79753(a). For the purposes of the Adaptive Management Plan, the Public Ecosystem Benefit(s) shall be comprised of Project Implementation Actions, Benefit Implementation Actions, and Benefit Environmental Responses identified in this Contract.
- LL. Reclamation** – United States Department of the Interior, Bureau of Reclamation.
- MM. Refuges** – collectively, the areas that receive water under the CVPIA Refuge Water Supply Program, including the National Wildlife Refuge System in the Central Valley of California, Gray Lodge, Los Banos, Volta, North Grasslands, and Mendota state wildlife management areas, and the Grasslands Resources Conservation District in the Central Valley of California.
- NN. Review Report** – Adaptive Management Plan Review Report.
- OO. RWSP** – Refuge Water Supply Program.
- PP. Sites Water** - the water that is appropriated under the Sites Water Right.
- QQ. Sites Water Right** - the water right obtained and owned by the Authority for the Project water right [Order XXXX].
- RR. SOD** – south of Delta.

SS. State – State of California.

TT. SWP – State Water Project.

UU. Third-Party Landowners - third-party landowners not parties to this Contract.

VV. Water Year – 12-month period from October 1 to September 30.

WW. Wetland Habitat - seasonal wetlands, permanent wetlands, or riparian habitat deemed for aquatic and terrestrial species on either state or federal wildlife refuges, other public lands, or private lands.

XX. Wheeling Agreement - the “[add title here once this agreement is nearing finalization]” dated -----, 2026.

YY. WSIP – Water Storage Investment Program.

SECTION 2 ROLES AND RESPONSIBILITIES

2.1 DEPARTMENT

The Department has authority to administer the Public Ecosystem Benefits under the WSIP. The Department is exercising that authority by executing a Contract with each WSIP project to provide the Public Ecosystem Benefits identified in the Contract. The Public Ecosystem Benefits will be provided through each project’s performance of its Project Implementation Actions and Benefit Implementation Actions and implementation of the Adaptive Management Plan. The Department will: i) provide ongoing technical expertise and guidance toward the administration, implementation, and management of the Project’s Public Ecosystem Benefits, ii) participate in ecosystem benefit metric tracking, evaluation, and accounting, and iii) inform the CWC of Public Ecosystem Benefits provided, any Adaptive Management Actions triggered, any benefit changes, or other information deemed appropriate.

2.2 SITES PROJECT AUTHORITY

The Authority is responsible for implementation of Project Implementation Actions, Benefit Implementation Actions, and Adaptive Management Actions anticipated to result in the Benefit Environmental Response described in this Contract, including monitoring for the public ecosystem benefits, and reporting to the Department and the CWC pursuant to California Code of Regulations, title 23, section 6014, subdivisions (a)(2)(A)(3) and (a)(2)(A)(4), respectively. The Authority may delegate elements of project reporting or execution of the Adaptive Management Plan. However, any delegation does not relieve the Authority of its responsibility to ensure that the terms and conditions identified in the Contract are met.

SECTION 3 TERM

This Contract shall become effective upon the execution of a Funding Agreement between the CWC and the Authority. The Contract term is 70 years, until termination of the Funding Agreement, or until the cumulative volume of water delivery has been achieved, whichever occurs first, unless otherwise terminated or amended as provided in the Contract.

The Parties agree that the use of Base Facilities Capacity, Downstream Use Capacity and Sites Water to achieve the Benefit Environmental Response under this Contract shall not confer any appropriative, prescriptive, or other water right on any person, entity, or public agency. Nothing in this Contract shall act as a forfeiture, diminution or impairment of any water rights the Sites Authority holds including but not limited to Sites Water after expiration of the term of this Contract.

SECTION 4 PUBLIC ECOSYSTEM BENEFITS

4.1 DESCRIPTION OF PUBLIC ECOSYSTEM BENEFITS

Pursuant to California Code of Regulations, title 23, section 6012 subdivision (g), the Department has confirmed the following benefits meet the requirements of Water Code section 79750 *et seq.*: Wetland Habitat Enhancement.

4.1.1 Wetland Habitat Enhancement

The purpose of this benefit is to enhance seasonal wetlands, permanent wetlands, or riparian habitat (collectively, Wetland Habitat) for aquatic and terrestrial species on either state or federal wildlife refuges, other public lands, or private lands. The Authority plans to initially achieve this through the delivery of water to state wildlife areas and federal wildlife refuges (collectively, Refuges), which are currently served through the Refuge Water Supply Program (RWSP), located south-of-Delta (SOD) and north-of-Delta (NOD) and other Wetland Habitat that does not receive water from the RWSP. In individual years, the Project will target providing the volumes of water specified below in Table 1 by location and water year type (based on the Sacramento Valley Water Year Index), after assumed losses during diversions and conveyance. The Project is expected to provide a cumulative volume of XX acre-feet (AF) SOD and XX AF NOD of water over the term of this Contract.

Table 1. Projected Average Volumes of Deliveries under this Contract by Water Year Type (all values in AF and based on the Sacramento Valley Water Year Index)

Location	Wet	Above Normal	Below Normal	Dry	Critical	Long-term Average
SOD	XX	XX	XX	XX	XX	XX
NOD ¹	0	XX	XX	XX	XX	XX

¹NOD deliveries initially include Refuges, as described below, and Upper Butte Basin Wildlife Area, which has a current annual demand of 20,000 acre-feet.

The volume of water deliveries specified above will be achieved by maintaining a Base Facilities Capacity of up to 17.3% and a Downstream Facilities Capacity of up to 17.3% for the Wetland Habitat Enhancement Benefit and does not require use of greater than 17.3% of either Base Facilities Capacity or Downstream Facilities Capacity. The Authority will maintain necessary agreements to exchange and convey water with the California Department of Water Resources (DWR), Bureau of Reclamation (Reclamation), Richvale Irrigation District, and Western Canal Water District to achieve

the volume of water deliveries specified above in Table 1. As needed, the Authority will develop and maintain new exchange agreements or conveyance agreements with other entities to deliver water to Wetland Habitat outside of the RWSP.

The Parties acknowledge that the delivery values specified in Table 1 are representations derived from California Simulation Model, version 3 (CalSim 3) model simulations. CalSim 3 is currently the best available tool for simulating Project operations under differing hydrologic conditions and current regulatory and operations conditions. The Parties also acknowledge that while CalSim 3 is the best available tool for these simulations, actual operations may vary and hydrologic, system infrastructure, and regulatory conditions may change. The Parties understand that diversions to fill Sites Reservoir during the period of diversion specified in the Sites Water Rights takes priority over any release of Sites Water.

4.1.1.1 Refuge Water Supply Program

The Authority proposes to achieve a portion of the Wetland Habitat Enhancement Benefit by working cooperatively with Reclamation, which administers the RWSP pursuant to section 3406(d) of the 1992 Central Valley Project Improvement Act (CVPIA). Section 3406(d) of the CVPIA requires the Secretary of the Interior, through Reclamation, to deliver firm water supplies of suitable quality to maintain and improve Wetland Habitat areas on units of the National Wildlife Refuge System in the Central Valley of California; on the Gray Lodge, Los Banos, Volta, North Grasslands, and Mendota state wildlife management areas; and on the Grasslands Resources Conservation District in the Central Valley of California.

CVPIA Refuge water supplies are categorized into two levels, Level 2 and Incremental Level 4 (IL4), as defined in accordance with the "Dependable Water Supply Needs" table of the March 1989 Report on Refuge Water Supply Investigations and the December 1989 San Joaquin Basin Action Plan/Kesterson Mitigation Plan. Level 2 supplies are required annual water supplies and are generally provided from CVP yield. IL4 supplies are the amount of water required for optimum habitat management of the Refuges per annum through voluntary measures. Reclamation's mandate for IL4 deliveries to the Refuges is limited to the volumes established in the CVPIA, which are 133,264 AF (contract allocations total 105,514 AF for SOD Refuges and 27,750 AF for NOD Refuges). With regards to the delivery of water to Refuges, only the provision of IL4 water supplies can be considered as providing a net ecosystem improvement under WSIP.

The Authority has entered into a Donation Agreement with Reclamation that commits to standard terms by which Reclamation will accept water from the Authority and convey it as IL4 water to Refuges. For water that will be delivered to Refuges SOD, the Authority has entered into a Wheeling Agreement with DWR that commits to standard terms by which DWR will convey Sites Water through the State Water Project (SWP) export facilities, including the Harvey O. Banks Pumping Plant (Banks Pumping Plant), to the

Points of Acceptance (POA).

4.1.1.2 Other Water Conveyance Mechanisms

In addition to providing water to Refuges, the Authority will provide water to the Upper Butte Basin Wildlife Area. This will be achieved through water exchanges between the Project and the SWP. DWR will deliver water from Lake Oroville to Richvale Irrigation District and Western Canal Water District for direct delivery to Upper Butte Basin Wildlife Area.

The Authority has entered into an Exchange Agreement with DWR that commits to the standard terms by which the SWP will exchange water with the Project and convey the water to Richvale Irrigation District and Western Canal Water District. The Authority has entered into Memorandums of Understanding (MOU) with Richvale Irrigation District and Western Canal Water District that specify the terms by which water will be accepted from DWR and conveyed to the Upper Butte Basin Wildlife Area on behalf of the Authority.

4.1.1.3 New Wetland Habitat Criteria

The Project may achieve the Wetland Habitat Enhancement Benefit by providing water to enhance eligible Wetland Habitat at locations other than the Refuges and the Upper Butte Basin Wildlife Area. To be considered eligible Wetland Habitat, a location must satisfy the following criteria as determined by the Department:

1. The location must have existing Wetland Habitat and be primarily managed to benefit aquatic or terrestrial species when being used for benefits under this Contract.
2. The Authority must demonstrate the water they propose to provide to the location is above what is currently provided or that water would not otherwise be provided to the location in order to demonstrate a net ecosystem improvement.
3. The Authority must demonstrate it has the ability to convey water to the proposed location. This may require a conveyance or exchange agreement or other agreements.

The Authority shall provide the Department the following information in order for the Department to determine whether the above criteria have been satisfied:

1. A description and map of existing (baseline) Wetland Habitat at the location.
2. A description of current management activities to benefit aquatic or terrestrial species and how additional water will enhance current management practices and improve habitat conditions or increase the extent of baseline habitat. The description shall include a list of species to benefit from additional water.
3. A description of the volume of water to be provided monthly, annually or by season, as appropriate.
4. Executed agreement(s) that demonstrate the Authority can convey the water to the location at the volume and timing proposed.

5. Proposed Benefit Environmental Response Metrics, Performance Thresholds, Adaptive Management Triggers, and Adaptive Management Actions for the volume of water at the proposed location.

The Department shall review the Authority's submission to determine whether the proposed location(s) satisfies the criteria to be eligible for inclusion in the Wetland Habitat Enhancement Benefit. Upon determining that the location(s) satisfies the criteria, the Department may provide written approval to the Authority to deliver water to the location to contribute towards the Wetland Habitat Enhancement Benefit. The Authority must obtain prior written approval from the Department for deliveries of water to new locations to contribute towards the Wetland Habitat Enhancement Benefit.

4.1.1.4 Water Delivery Scheduling Process

Seasonal forecasting is expected to begin early in the calendar year and will be updated at least on a monthly basis as new information becomes available. As part of these forecasts, the Authority will develop a schedule for monthly Wetland Habitat Enhancement Benefit water deliveries for the following 12-month period.

The Authority will submit the initial schedule to Reclamation and the Department no later than March of each calendar year. The Authority will seek input from Reclamation and the Department on the expected needs of the Refuges and Wetland Habitats outside of the Refuges. The Authority will update the schedule monthly as needed. For water provided to the Upper Butte Basin Wildlife Area, the Authority will coordinate with DWR on the initial schedule and all subsequent schedules prior to submittal of the schedule to confirm exchange(s) of water with the SWP are anticipated to be available to achieve the water delivery.

4.2 ADAPTIVE MANAGEMENT

The Parties agree that the Authority shall manage the Public Ecosystem Benefits according to principles of Adaptive Management. The Adaptive Management Plan is attached, referred hereto as Exhibit B and incorporated by reference as though set forth in full herein. The Authority must comply with all provisions of the Adaptive Management Plan.

4.3 REPORTING

4.3.1 Reporting to the Department

4.3.1.1 Annual Summary Reports

The Authority shall provide an Annual Summary Report to the Department by February 1, 2028. Each Annual Summary Report thereafter shall be provided by February 1 of each year and cover the prior Water Year. The Annual Summary Report shall document progress and current status of each public ecosystem benefit provided, including a description of any changes to Project Implementation Actions, Benefit Implementation

Actions, or Benefit Environmental Responses since the last report.

4.3.1.2 Adaptive Management Review Reports

Adaptive Management Actions shall be reported based on the schedule established for each Public Ecosystems Benefit in the Adaptive Management Plan, including a five-year Adaptive Management Review Report ("Review Report") as described in Section 1.6 of the Adaptive Management Plan. All reports shall be submitted to the Department's designated WSIP Project Manager. Reports shall include all components described in Section 1.6 of the Adaptive Management Plan and include Reporting Components identified for specific Project Implementation Actions, Benefit Implementation Actions, and anticipated Benefit Ecosystem Response.

4.3.2 Reporting to the California Water Commission

The Authority shall provide a copy of the Annual Summary Report described in Section 4.3.1.1 to the CWC at the same time the Annual Summary Report is submitted to the Department.

4.4 REQUIREMENT TO SHARE DATA

In addition to data required by the Annual Summary Report and the Review Report, the Department may make additional specific data requests reasonably related to the administration of the Contract. The Authority shall provide data responsive to the Department's request on a reasonable timeline agreed to by both Parties. If the Authority relies on data acquired by a third party and such data are not collected on behalf of the Authority, the Authority shall identify the third party which holds the data relied upon to the Department. Data that may be requested may include, but are not limited to, reports, modeling and datasets.

4.5 ASSURANCES

The Parties have determined that the following provide the required assurances under California Code of Regulations, title 23, section 6014 subdivision (a)(2)(A)(5):

1. The Authority has entered into a Donation Agreement with Reclamation that specifies the terms by which Reclamation will accept water from the Authority to provide IL4 water to Refuges.
2. The Authority has entered into an Exchange Agreement with DWR that specifies the terms by which the Project will exchange water with the SWP that will result in temporary increased storage in Lake Oroville. This water will subsequently be released for delivery to Wetland Habitats.
3. The Authority has entered into a Wheeling Agreement with DWR that specifies the terms by which DWR will convey Sites Water through the SWP export facilities, including the Banks Pumping Plant, and deliver the water to POA designated by Reclamation for accepting water for Refuges.
4. The Authority has entered into MOUs with Western Canal Water District and Richvale Irrigation District that describe the intent of the signatories to work

together to deliver water to Upper Butte Basin Wildlife Area.

SECTION 5 PUBLIC BENEFIT DISPUTE PROCESS

5.1 DISPUTES OVER PUBLIC BENEFITS NOT RESOLVED BY ADAPTIVE MANAGEMENT

The Department shall review the Annual Summary Report and five-year Review Report described in Section 4.3.1 of this Contract and Section 1.6 of the Adaptive Management Plan. If the Department concludes, based on the Annual Summary Report, Review Report and best available science, as applicable, that Project Implementation Actions, Benefit Implementation Actions, or Benefit Environmental Response metrics are below the associated Adaptive Management Trigger as described in the Adaptive Management Plan, the Adaptive Management Decision-Making Body shall convene as described in Section 1.5 of the Adaptive Management Plan. If the Adaptive Management Decision-Making Body cannot agree on the appropriate course of action as described in Section 1.5 of the Adaptive Management Plan, the Department may initiate the public benefit dispute process described in this section. The decision to initiate the Public Benefit Dispute Process shall be made by the Department's Deputy Director of the Ecosystem Conservation Division. The Department may only initiate the public benefit dispute process when:

- The Parties disagree on appropriate Adaptive Management Actions within the Project's control and identified in the Adaptive Management Plan and the Department determines that not adjusting adaptive management in the manner recommended by the Department will result in an insufficient Public Ecosystem Benefit; or
- The Parties disagree on whether the Public Ecosystem Benefit should be adjusted; or
- The Parties disagree on whether the Public Ecosystem Benefit continues to be feasible; or
- The Department determines the Public Ecosystem Benefit is no longer occurring due to the Authority's failure to conduct Project Implementation Actions and/or Benefit Implementation Actions and no excuse exists for such failure.

5.2 DEPARTMENT INITIATION OF PUBLIC BENEFIT DISPUTE PROCESS

If the Department elects to initiate the Public Benefit Dispute Process the Department shall provide written notice to the Authority. The written notice shall:

- (1) State the disputed issues that prompted the Meet and Confer Process described in Section 1.5 of the Adaptive Management Plan;
- (2) Document the alternatives considered during the Adaptive Management Decision-Making Body's meet and confer process described in Section 1.5 of the Adaptive Management Plan;
- (3) State whether resolution was achieved, in whole or in part and state the specific relief, including the timeline, agreed to as part of any resolution;
- (4) Identify all outstanding issues that remain unresolved; and

(5) Propose a solution to the remaining unresolved issues.
The Department may also request additional relevant information from the Authority that may inform the Department's understanding of the dispute.

5.3 AUTHORITY RESPONSE

Within 60 days of the Department's written notification to the Authority as described in Section 5.2, the Authority shall provide a written response to the Department. The response shall identify the issues, propose a solution to the dispute, and respond to the Department's requests for additional relevant information.

5.4 MEETINGS

Throughout the Public Benefit Dispute Process, either Party may request a meeting with the other Party at any time.

5.5 AGREEMENT ON SOLUTION; PROCESSING AMENDMENTS AS NECESSARY

If during the Public Benefit Dispute Process the Parties mutually agree on a solution and the solution requires an amendment to the Contract, including to the Adaptive Management Plan, the Parties shall process an amendment as described in Section 8.6 of this Contract and the CWC Funding Agreement Exhibit D, Paragraph D.3.

5.6 FAILURE TO AGREE ON SOLUTION; DEPARTMENT FINDING OF INSUFFICIENT PUBLIC BENEFIT

Should the Parties not mutually agree on a solution to the public benefit dispute, the Department may submit a finding of insufficient public benefit to the CWC for its consideration and action pursuant to Funding Agreement paragraph 16. The decision to submit a finding of insufficient public benefit shall be made by the Department Director. With its finding of insufficient public benefit, the Department shall provide the CWC an explanation regarding the cause of the insufficient public benefit. The explanation shall also include a description of remedial actions taken to date by the Authority, including any mitigating circumstances, its determination of whether the insufficient public benefit is the fault of the Authority, and the Department's recommended corrective actions. The Department's recommended corrective actions may include only the Project Implementation Actions as specified in 2.1.1 of the Adaptive Management Plan and Adaptive Management Actions (Sections 2.1.5, 3.1.5, and 4.1.6) and that are reasonable and feasible and within the Authority's control. The Authority may also provide any information it believes is pertinent to the CWC. Should a decision by the CWC result in a change to the Public Ecosystem Benefit provided, the Parties shall process an amendment pursuant to Section 8.6 that appropriately reflects the ongoing obligations of the Authority.

SECTION 6 DISPUTE RESOLUTION

6.1 CONTINUING RESPONSIBILITIES

Both Parties shall continue with their responsibilities under this Contract during any dispute.

6.2 DISPUTES INVOLVING PUBLIC BENEFITS

If the Parties fail to resolve a dispute covered by Section 5 of this Contract, the Department shall notify the CWC of the dispute. The Parties shall follow the procedure set forth in Section 5 of this Contract.

6.3 OTHER DISPUTES

For any other disputes not covered by Section 5 of this Contract, the Parties shall attempt to negotiate a resolution to any dispute and process any amendment necessary to this Contract to implement the terms of any such resolution.

SECTION 7 SPECIFIC PERFORMANCE

In the event of a default by the Authority, as determined by the CWC following a full dispute resolution process pursuant to Section 5 of this Contract and Funding Agreement paragraphs 15 and 16, before the term of this Contract is complete then, in addition to any and all other remedies available at law or in equity, the Department may seek specific performance of Project Implementation Actions as specified in Section 2.1.1 of the Adaptive Management Plan and Adaptive Management Actions (Sections 2.1.5, 3.1.5, and 4.1.6) and that are reasonable and feasible and within the Authority's control. The Department may not seek specific performance for the Benefit Environmental Responses. The Authority reserves any and all rights, defenses, potential causes of action, claims, and remedies regarding any request or pursuit of specific performance under this paragraph. If after completing the aforementioned dispute resolution process, a court determines that there has been a default of any of the Project Implementation Actions or Adaptive Management Actions identified in this paragraph, the Parties acknowledge that specific performance pursuant to this paragraph is an appropriate remedy because the benefits to the Department from the Project, as described in Section 4 (Public Ecosystem Benefits), are unique and damages would not adequately compensate the Department for the loss of such benefits.

SECTION 8 GENERAL TERMS AND CONDITIONS

8.1 GOVERNING LAW

This Contract is governed by and shall be interpreted in accordance with the laws of the State of California.

8.2 SUPERSEDING PREVIOUS AGREEMENTS

This Contract supersedes all prior discussions, negotiations, understandings, or agreements of the Parties relating to the Contract or the Project.

8.3 PROJECT ACCESS

The Project site is located on properties owned by the Authority and third-party landowners not parties to this Contract (Third-Party Landowners). The Authority shall ensure that the Department and the Department's employees and agents have safe and suitable access to lands under the direct ownership and/or control of the Authority at all reasonable times during the term of this Contract for the purpose of inspecting the public ecosystem benefits. Additionally, the Authority shall include provisions in its agreements with Third-Party Landowners ensuring such access to the Department for purposes of fulfilling this Contract if the specific parcel is placed under easement or fee title as a result of the Project. The Department shall not unreasonably interfere with the Authority or the Third-Party Landowners' use and enjoyment of their property. The Department shall notify the Authority at least five (5) business days prior to entering the Authority's property. The Department shall notify the Authority at least seven (7) business days prior to entry to Third-Party Landowners' property to coordinate with the Authority or its agents for both Parties to access a Third-Party Landowner's property, and shall provide the rationale for the purpose of the requested entry. (Cal. Code Regs., tit. 23 § 6014, subd. (a)(2)(A)(6).)

8.4 INDEMNIFY AND HOLD HARMLESS

The Authority shall indemnify and hold and save the Department, its officers, agents, and employees free and harmless from any and all liabilities for any claims and damages (including inverse condemnation) that may arise out of the Project and this Contract, including, but not limited to any claims or damages arising from planning, design, construction, maintenance, monitoring, verification, and/or operation of this Project, except to the extent resulting from the negligence or willful misconduct of the Department, its officers, employees, and agents.

8.5 NO WAIVER

Enforcement of the terms of this Contract by the Department shall be at the discretion of the Department, and any forbearance by the Department to exercise its rights under this Contract shall not be deemed or construed to be a waiver by the Department of such term or of any rights of the Department under this Contract.

8.6 AMENDMENTS

This Contract, including the Adaptive Management Plan, may be amended at any time by mutual agreement of the Parties, except insofar as any proposed amendments are in any way contrary to applicable law. No amendment shall be valid unless made in writing and signed by the Parties and accepted by the CWC. Only persons duly authorized to sign an amendment on behalf of either Party may do so. No oral understanding or agreement not incorporated in this Contract is binding on either of the Parties. Requests by either Party for amendments must be in writing, stating the amendment request and the reason for the request. Neither Party shall have an obligation to agree to an amendment. All amendments agreed to by the Parties shall be submitted to the CWC

pursuant to Funding Agreement Exhibit D, Paragraph D.3. If the Parties mutually agree to an amendment that substantially reduces, eliminates, or substantially repurposes the Public Ecosystems Benefit, the Parties shall notify the CWC pursuant to Funding Agreement paragraph 17.

8.7 SUCCESSORS AND ASSIGNS

This Contract and all of its provisions shall apply to and bind the successors and assigns of the Parties. No assignment or transfer of this Contract or any part thereof shall be valid unless and until it is approved by the Department and made subject to such reasonable terms and conditions as the Department may impose.

8.8 SEVERABILITY

Should any portion of this Contract be determined to be void or unenforceable, such shall be severed from the whole and the Contract shall continue as modified.

8.9 INDEPENDENT CONTRACTOR

The Authority, and the agents and employees of the Authority, in the performance of this Contract, shall act in an independent capacity and not as officers or employees or agents of the Department. The Authority acknowledges and promises that the Department is not acting as an employer to any individuals furnishing services or work on the Project pursuant to this Contract.

8.10 PROJECT REPRESENTATIVES

All inquiries may be directed to the Project Representatives:

Kristal Davis-Fadtke
Environmental Project Manager
California Department of Fish and
Wildlife
P.O. Box 944209
Sacramento, CA 94244
Kristal.Davis-Fadtke@wildlife.ca.gov

Alicia Forsythe
Environmental Planning and Permitting
Manger
Sites Project Authority
P.O. Box 517
Maxwell, CA 95955
aforsythe@sitesproject.org

Parties shall inform each other in writing of any changes to Project Representatives.

8.11 COUNTERPARTS; ELECTRONIC EXECUTION

This Contract may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures may be delivered by facsimile transmission or by e-mail in a portable document format (e.g. "pdf," "tif," "jpg" or "DocuSign") or other electronic format and the signatures on such copies shall be deemed to be effective and valid as original signatures.

SECTION 9 EXHIBITS

Each exhibit referenced in this Contract and listed below is incorporated by reference as though set forth in full herein.

Exhibit A – Department’s Findings Regarding Public Ecosystem Benefits for Sites Reservoir Project

Exhibit B – Ecosystem Adaptive Management Plan for Sites Reservoir Project

Exhibit C – Placeholder for Agreements necessary to achieve ecosystem benefit

IN WITNESS WHEREOF, this Contract is made and entered into in the State of California by the Authority and the Department, each of which hereby agrees to the terms and conditions of this Contract.

California Department of Fish and Wildlife
By:

Signature: _____
Printed name: Meghan Hertel
Title: Director, California Department of Fish and Wildlife

Date: _____

Sites Project Authority
By:

Signature: _____
Printed name: Jerry Brown
Title: Executive Director

Date: _____

EXHIBIT A

**DEPARTMENT'S FINDINGS REGARDING PUBLIC ECOSYSTEM BENEFITS
FOR SITES RESERVOIR PROJECT**

EXHIBIT B

**ECOSYSTEM ADAPTIVE MANAGEMENT PLAN
SITES RESERVOIR PROJECT**

**PROPOSITION 1 WATER STORAGE INVESTMENT PROJECT
DRAFT CONTRACT FOR ADMINISTRATION OF PUBLIC ECOSYSTEM BENEFITS
SITES RESERVOIR PROJECT
EXHIBIT B
DRAFT ECOSYSTEM ADAPTIVE MANAGEMENT PLAN**

**SECTION 1 PROJECT-WIDE APPROACH FOR ADAPTIVE MANAGEMENT AND
REPORTING**

1.1 OVERVIEW

The Sites Reservoir Project (Project) will provide up to XX AF of water for the Wetland Habitat Enhancement Benefit. This water will be provided through exchanges with the SWP and direct delivery using existing regional conveyance facilities. Water provided by the Project will be used to enhance seasonal wetlands, permanent wetlands, and riparian habitat (collectively, Wetland Habitat) for aquatic and terrestrial species on state and federal wildlife refuges and on other public and private lands. The Project's Wetland Habitat Enhancement Benefit will supplement existing water supplies to sustain habitat quality and ecological function for migratory birds of the Pacific Flyway, resident birds, native fish, reptiles, amphibians, mammals, and/or plants.

1.2 ADAPTIVE MANAGEMENT PLAN APPROACH

This Adaptive Management Plan outlines a monitoring plan, including project implementation milestones and Performance Thresholds (defined in Section 1.4) which demonstrate the Project's success in carrying out the Project Implementation Actions and Benefit Implementation Actions specified in the Contract for Administration of Public Ecosystem Benefits. The Adaptive Management Plan identifies how monitoring will be used to adaptively manage the Project's Public Ecosystem Benefits through a Meet and Confer Process and Adaptive Management Actions provided that any Adaptive Management Actions required to be taken by the Sites Project Authority (Authority) shall be reasonable and feasible. The intent of the Adaptive Management Plan is to increase the likelihood of achieving and maintaining the desired Benefit Environmental Responses, the ecosystem response derived from Project Implementation Actions and Benefit Implementation Actions, while recognizing that the Project Implementation Actions and Benefit Environmental Responses are subject to various uncertainties beyond the scope of the Authority's control and responsibility, which can include, but are not limited to, California hydrology, future regulatory conditions, changing water operations outside of the Project's influence, changes in land use, and climate change. Adaptive management of the Project will be implemented on a five-year cycle. Although not all specified Benefit Environmental Responses are anticipated to occur within every five-year review cycle, a five-year review cycle provides a regular opportunity to evaluate data from the previous years of project implementation, maintenance and monitoring, and allows for incorporation of new technologies and lessons learned into subsequent implementation, monitoring, maintenance, and performance tracking.

This Adaptive Management Plan is structured according to definitions and requirements outlined in the statute and California Code of Regulations. Water Code section 85052 defines adaptive management as “a framework and flexible decision-making process for ongoing knowledge acquisition, monitoring, and evaluation leading to continuous improvement in management planning and implementation of a project to achieve specified objectives.”¹

The California Code of Regulations (CCR), Title 23, Waters, Water Storage Investment Project (WSIP), section 6014, subdivision (a)(2)(A) states, “[t]he contract between an administering agency and applicant shall contain:

- (1) An adaptive management plan for the public benefits funded under the [WSIP] Project. The adaptive management plan shall contain:
 - a. Public benefit monitoring metrics;
 - b. Monitoring locations, frequencies, and timing;
 - c. Metric evaluation methodology and associated threshold or trigger levels based on best available science that initiate Adaptive Management Actions;
 - d. Decision making process including the administering agency role and the Adaptive Management Actions that would be taken when a trigger is reached;
 - e. Funding sources and financial commitments to implement the adaptive management plan;
 - f. Other items deemed necessary on a case-by-case basis by administering agencies entering into the contract.”

1.3 ROLES AND RESPONSIBILITIES

Roles and responsibilities for each party are identical to those contained in Section 2 of the Contract for the Administration of Public Ecosystem Benefits.

1.3.1 Adaptive Management Expectations

The Authority is obligated to deliver the Project Implementation Actions and Benefit Implementation Actions identified in this Contract and implement this Adaptive Management Plan. This Adaptive Management Plan acknowledges that while the Benefit Environmental Responses (i.e., targeted ecosystem improvement outcomes) identified are derived by physical changes resulting from Project Implementation Actions and Benefit Implementation Actions, they may also be influenced by additional factors that are beyond the Project’s control. However, the WSIP intends to achieve ecosystem improvement from physical changes in or resulting from Project operations, as such, failure to achieve a Benefit Environmental Response will trigger Adaptive Management Actions, if those actions will lead to achievement of the Benefit Environmental Responses. Descriptions of Project Implementation Actions, Benefit Implementation Actions, and anticipated Benefit Environmental Responses are presented in Table 1.

¹ Section 6001(a)(1) of the WSIP Regulations provides that the definition of “adaptive management” for WSIP “has the same meaning as provided in California Water Code section 85052.”

Table 1. Project Implementation Actions, Benefit Implementation Actions, and anticipated Benefit Environmental Response for the Project.

Project Implementation Actions	Benefit Implementation Actions	Benefit Environmental Response
Deliver Water to Wetland Habitat 1. Volume of Water Delivered 2. Maintain a Base Facilities Capacity of 17.3% 3. Maintain a Downstream Facilities Capacity of 17.3%	Agreements for the Wetland Habitat Enhancement Benefit 1. Maintain Donation Agreement with Bureau of Reclamation 2. Maintain Agreements with Department of Water Resources 3. Develop and Maintain Agreements to Deliver Water to Wetland Habitats Outside the RWSP	Wetland Habitat Enhancement Benefit 1. Contribution to the Central Valley Joint Venture Implementation Plan 2. Wetland Habitat Enhancement

Project Implementation Actions: Defined as foundational actions the Project must execute for derivation of Public Ecosystem Benefits. Ramping of Project Implementation Actions may be established with defined project implementation milestones. However, once Performance Threshold (defined in Section 1.4) metrics are achieved, they should be maintained for the duration of the Contract.

Benefit Implementation Actions: Defined as actions, identified in this Contract, that influence the quantity and/or quality of a Benefit Environmental Response. Ramping of Benefit Implementation Actions associated with establishing physical benefit quantities may be established as benefit implementation milestones. Agreements and/or operations necessary for benefit implementation should be implemented for the term of the Contract. In cases where a Benefit Implementation Action is fundamental to achieving the Benefit Environmental Response(s) but may be influenced by factors outside of the project's control, the meet and confer process discussed in Section 1.5 of this Adaptive Management Plan will be used to recommend a course of action should an Adaptive Management Trigger (defined in Section 1.4) occur.

Benefit Environmental Response: The Ecosystem Improvement as defined in

California Code of Regulations, title 23, section 6001, subdivision (a)(28): a public benefit that includes changing the timing of water diversions, improvement in flow conditions, temperature, or other public benefits that contribute to the restoration of aquatic ecosystems and native fish and wildlife, including those ecosystems and fish and wildlife in the Delta, pursuant to Water Code section 79753(a)(1). Ecosystems include both aquatic and terrestrial habitats and natural communities. Based on current best available science, the Project Implementation Actions and Benefit Implementation Actions are anticipated to result in achievement of the Benefit Environmental Response Performance Thresholds identified for the Project.

As part of the communication structure for implementation of this Adaptive Management Plan, a Decision-Making Body formed by representatives of the Authority and the Department will be established to coordinate on adaptive management for all Public Ecosystem Benefits. It is the responsibility of the Parties to each identify its own representative(s) for participation in the Decision-Making Body. Other partners, resources, and expertise may be involved as needed and at the discretion of the Decision-Making Body.

1.3.2 Alternative Adaptive Management Actions

The Authority wishes to conduct an Environmental Water Manager Pilot Program (EWMPP) to determine the feasibility of providing alternative ecosystem benefits. The EWMPP shall:

- Identify specific ecosystem benefits that could be provided by the Project and that meet the ecosystem priorities established by CDFW pursuant to Water Code section 79754 and described in California Code of Regulations, title 23, section 6007, subdivision (c)(1)(A)(1).
- Specify, at a minimum, for each identified ecosystem benefit the required components for an adaptive management plan listed in Section 6014 (a)(2)(A)(1).
- Demonstrate identified ecosystem benefits will provide a net improvement, as defined in California Code of Regulations, title 23, section 6001, subdivision (a)(50), including documentation demonstrating the Project has the necessary permits and environmental documentation to provide the identified ecosystem benefits.
- Demonstrate the identified ecosystem benefits are above existing environmental mitigation or compliance obligations, as defined in California Code of Regulations, title 23, section 6001, subdivision (a)(32).
- Demonstrate the identified ecosystem benefits will provide measurable improvements to the Delta ecosystem or to the tributaries to the Delta.
- Demonstrate providing water for the identified ecosystem benefits is consistent with the Authority's water right.
- Demonstrate the necessary agreements needed to provide water for the identified ecosystem benefits have been obtained.

1.4 ADAPTIVE MANAGEMENT THRESHOLDS AND TRIGGERS

California Code of Regulations, title 23, section 6001, subdivision (a) provides definitions for the terms “threshold” and “trigger” in the context of adaptive management. “Threshold” means a numerical value for a specific metric that is a boundary between acceptable and unacceptable situations or conditions, or a specific metric that must be exceeded for a certain reaction, result, or condition to occur. “Trigger” means an event, situation, or measurement that initiates or requires a management action. Each monitoring metric is associated with an adaptive management threshold and trigger. These are pre-determined decision points specific to each Project Implementation Action, Benefit Implementation Action, and Benefit Environmental Response. Project status for each benefit’s Project Implementation Actions, Benefit Implementation Actions, and Benefit Environmental Response will be assessed as described below:

1.4.1 Performance Thresholds

Performance Thresholds are established as the full extent of Project Implementation Actions and Benefit Implementation Actions and the quantity of Benefit Environmental Response anticipated to be achieved by implementation of with-project actions (Project Implementation Actions and Benefit Implementation Actions) compared to without-project actions (future baseline) or pre-project conditions (pre-project baseline), based on the best available science at the time of Contract execution. Performance Threshold values can be anticipated absolute values, short- or long-term averages, or rolling averages depending on the benefit described. Performance Threshold values indicate expected or better conditions above baseline conditions. Project Implementation Actions and Benefit Implementation Actions will have specified Performance Thresholds associated with Contract commitments. If a ramp-up period is expected, implementation milestones may be established for Project Implementation Actions and Benefit Implementation Actions, as appropriate, to serve as interim Performance Thresholds that the Project should achieve over a specified amount of time.

1.4.2 Adaptive Management Triggers

Adaptive Management Triggers are events, situations, and/or values determined to be below Performance Thresholds, assessed on a five-year review cycle. Adaptive Management Triggers are evaluated based on monitoring metrics associated with Project Implementation Actions, Benefit Implementation Actions, and Benefit Environmental Responses, and are determined by the evaluation of specified monitoring metrics compared to the associated Performance Threshold. Adaptive Management Trigger indicates when a Public Ecosystem Benefit is experiencing a potential challenge, is not on the expected trajectory to achieve the Performance Threshold, and the monitoring data is below the Performance Threshold.

1.4.3 Phases

Performance Thresholds and Adaptive Management Triggers are prescribed in two phases, where each phase has its own set of thresholds and associated triggers identified.

Phase 1 occurs during the Project's initial ramp-up period (if applicable). A ramp-up period may apply if the Project needs time to initiate and/or implement Project Implementation Actions or Benefit Implementation Actions, such as soliciting participation, developing water storage volume, etc. During Phase 1, implementation milestones are established for Project and Benefit Implementation Actions as interim Performance Thresholds to show progress during the ramp-up period towards achieving the full contractual benefit quantity. Implementation milestones will have associated Adaptive Management Triggers.

Phase 2 occurs after the ramp-up period has ended, if applicable, and/or once the Project is able to deliver the full contractual benefit quantity. During Phase 2, adaptive management will occur around the Performance Threshold and its associated trigger. If the Project does not require an initial ramp-up period for Project or Benefit Implementation Actions, then adaptive management will apply to only Phase 2.

1.5 DECISION-MAKING PROCESS

Project performance will be evaluated on its success in achieving Performance Thresholds identified for the Project Implementation Actions, Benefit Implementation Actions and Benefit Environmental Response. If an Adaptive Management Trigger occurs, then decision-making processes and Adaptive Management Actions will be initiated as described below.

When a ramp-up period is required for Project Implementation Actions and Benefit Implementation Actions, Project performance will be evaluated during the ramp-up period on its success in achieving the benefit-specific implementation milestones. The purpose of implementation milestones is to show progress during the ramp-up period towards achieving Performance Thresholds.

1.5.1 Adaptive Management Trigger Decision-Making Processes

Should a Project Implementation Action Adaptive Management Trigger occur, the Project will identify limiting factors and implement any appropriate Adaptive Management Actions from the potential actions delineated in Section 2.1.5. Should a Benefit Implementation Action Adaptive Management Trigger occur, the Project will identify limiting factors and implement any appropriate Adaptive Management Actions from the potential actions delineated in Sections 3.1.5. Should a Benefit Environmental Response Adaptive Management Trigger occur, the Project will identify limiting factors and implement any appropriate Adaptive Management Actions from the potential actions delineated in Sections 4.1.6. The Project may also identify reasons why Adaptive Management Actions are not reasonable or feasible or may not result in the achievement of Performance Thresholds (e.g., extended drought conditions or infrastructure repairs) and will propose a plan in the Annual Report to meet Performance Thresholds in the next Adaptive Management Review Report period. The Project will report to the Department as identified in Section 1.6.

If, after review of the Annual Summary Report or Adaptive Management Review Report,

along with other relevant monitoring data, the Department concludes that Project Implementation Actions and Benefit Implementation Actions are occurring and Project Implementation Action, Benefit Implementation Action, and Benefit Environmental Response metrics are at or above the associated Adaptive Management Triggers or the Department concludes it is not feasible to meet Performance Thresholds in the reporting period in question, the Department will confirm this status with the Project and the Project will continue to implement its monitoring plan.

If, after review of the Annual Summary Report or Adaptive Management Review Report, along with other relevant monitoring data, the Department concludes that Project Implementation Action, Benefit Implementation Action, or Benefit Environmental Response metrics are below the associated Adaptive Management Trigger and, if relevant, current Adaptive Management Actions being taken will not be sufficient to achieve Performance Thresholds, the Department will initiate the Meet and Confer Process. Through the Meet and Confer Process, the Decision-Making Body will identify the limiting factor(s) to achieving conditions at or above the Adaptive Management Triggers.

Should the Project refuse to meet and confer, the Department will independently investigate the limiting factor(s).

Through the Meet and Confer Process or the Department's independent investigation:

1. If the Decision-Making Body determines that the Project Implementation Action Adaptive Management Trigger or a Benefit Implementation Action Adaptive Management Trigger has occurred and that Adaptive Management Actions are warranted, the Decision-Making Body will recommend reasonable and feasible Adaptive Management Actions from the possible Adaptive Management Actions identified for the benefit in Sections 2.1.5 and 3.1.5 and will also recommend a timeline for the Project to implement any modifications identified.
 - a. If the Project successfully implements the recommended Adaptive Management Actions, then the monitoring plan will continue with annual evaluation of metrics compared to Performance Thresholds and Adaptive Management Triggers. After a subsequent five-year review cycle of the annual metric assessment showing achievement of Performance Thresholds, the Project can resume monitoring with a five-year adaptive management review.
 - b. If the Decision-Making Body cannot agree on limiting factors or recommended actions to achieve Performance Thresholds at or above Adaptive Management Triggers, the Department may initiate the Public Benefit Dispute Process. See CAPB Section 5.
 - c. If the Project does not implement the recommended Adaptive Management Actions according to the recommended timeline or fails to achieve Performance Threshold levels at or above Adaptive Management Triggers because of a failure to implement Project Implementation Actions

or Benefit Implementation Actions, the Department may initiate the Public Benefit Dispute Process. See CAPB Section 5.

2. If a Benefit Environmental Response Adaptive Management Trigger occurs, the Decision-Making Body will determine the limiting factor(s) to the best of its ability and may recommend reasonable and feasible Adaptive Management Actions from the possible Adaptive Management Actions identified for the benefit in Section 4.1.6 if implementation of those actions may lead to achievement of the Benefit Environmental Response(s).
 - a. If recommended Adaptive Management Actions are implemented by the Project, monitoring will continue with annual evaluation of metrics until the succeeding five-year review.
 - i. If Performance Thresholds are achieved at the succeeding five-year adaptive management review, no further action needs to be taken and the Project can resume the regular schedule of monitoring with five-year adaptive management review.
 - ii. If Performance Thresholds are not achieved at a specific location at the succeeding five-year adaptive management review, the Decision-Making Body will determine if continuing the Adaptive Management Actions already implemented will achieve the benefit environmental response. If not, the specific Adaptive Management Actions specified in Section 4.1.6 implemented will no longer be required of the Authority in those locations where the actions are not achieving their intended benefit. (This paragraph does not apply to Adaptive Management Actions specified in Sections 2.1.5 and 3.1.5).
 - iii. Should the Benefit Environmental Response Adaptive Management Trigger occur after ten succeeding years after initial implementation of the Adaptive Management Action (two five-year review cycles), the Decision-Making Body will meet and confer and determine if an adjustment to the Adaptive Management Plan for the Public Ecosystem Benefit in question, or to the Benefit Environmental Response Performance Threshold is needed, or an alternative Public Ecosystem Benefit can be achieved. Additionally, if the specific Adaptive Management Action in (ii) above is not achieving the benefit environmental response, Authority is not obligated to continue those specific Adaptive Management Actions specified in Section 4.1.6 at that location specified by the Decision-Making Body. (This paragraph does not apply to Adaptive Management Actions specified in Sections 2.15 and 3.1.5.)
 - iv. Accordingly, the Department will process an amendment and inform the CWC of any benefit changes. See CAPB Section 8.6, Funding Agreement paragraph 17.
 - v. Should the Benefit Environmental Response Adaptive Management Trigger occur after ten succeeding years after initial implementation of the Adaptive Management Action (two five-year review cycles) or

further five-year review cycles and the Decision-Making Body determines that no additional Adaptive Management Actions will result in achieving the Public Ecosystem Benefit, the Parties may mutually agree to terminate the requirements of this Contract specific to that Public Ecosystem Benefit. Accordingly, the Department will process an amendment and inform the CWC of the changes. See CAPB Section 8.6. If the Parties mutually agree to terminate the requirements of this Contract specific to an ecosystem benefit, the Parties shall also notify the CWC pursuant to Funding Agreement paragraph 17.

- b. Should the Project choose not to implement Adaptive Management Actions, the Department may initiate the Public Benefit Dispute Process. See CAPB Section 5.
- c. Should the Decision-Making Body not agree on an adjustment to the Adaptive Management Plan, or to the Benefit Environmental Response Performance Threshold, or to an alternative Public Ecosystem Benefit, the Department may initiate the Public Benefit Dispute Process. See CAPB Section 5.

1.5.2 Force Majeure: Events Not Covered by Adaptive Management Trigger Decision-Making Processes

The foregoing Adaptive Management Trigger Decision-Making Process addresses foreseeable events and changing circumstances that interfere with the Project's implementation of Project Implementation Actions or Benefit Implementation Actions. In the event that a catastrophic disruption occurs that renders one or more Project Implementation Actions and/or Benefit Implementation Actions impossible (e.g., due to destruction of essential infrastructure, or catastrophic loss of habitat that would extend beyond two five-year reporting cycles), the Project will notify the Department in writing of the impossibility and propose a timeline to resume Project Implementation and/or Benefit Implementation Actions. Alternatively, the Project may inform the Department that the delivery of affected Public Ecosystem Benefit(s) is no longer possible. After the Project has stabilized any health or human safety-related impacts of the unforeseen circumstance, the Decision-Making Body will meet and confer and decide one of the following:

- 1. The Decision-Making Body may mutually agree that the Public Ecosystem Benefit(s) continue to be possible. The Decision-Making Body will determine whether an adjustment to the Adaptive Management Plan for the Public Ecosystem Benefit in question is needed; an adjustment to the Benefit Environmental Response Performance Threshold is needed; or an alternative Public Ecosystem Benefit can be achieved. Accordingly, the Department will process an amendment and inform the CWC of any benefit changes. See CAPB Section 8.6, Funding Agreement paragraph 17.
 - a. Should the Decision-Making Body not agree on whether an adjustment to the Adaptive Management Plan or an adjustment to the Benefit

Environmental Response Performance Threshold is needed the Department may initiate the Public Benefit Dispute Process. See CAPB Section 5.

2. The Decision-Making Body may mutually agree that the Public Ecosystem Benefit is no longer possible due to the catastrophic disruption addressed by this section, and may mutually agree to terminate the Project Implementation Actions and/or Benefit Implementation Actions, specific to any Public Ecosystem Benefit that are no longer possible. Accordingly, the Department will process an amendment and inform the CWC of the changes. See CAPB Section 8.6. If the Decision-Making Body mutually agrees to terminate the requirements specific to a Public Ecosystem Benefit, the Parties shall also notify the CWC pursuant to Funding Agreement paragraph 17.
 - a. Should the Decision-Making Body not agree on whether the Public Ecosystem Benefit continues to be possible, the Department may initiate the Public Benefit Dispute Process. See CAPB Section 5.

After completing the process set forth above in this paragraph 1.5.2, if the Parties continue to have a dispute and a party brings an action, neither this paragraph 1.5.2 nor anything else in this Adaptive Management Plan or CAPB constitutes a contrary agreement under Cal. Civil Code section 1511(2) that could eliminate or change a statutory defense to performance under Civil Code section 1511(2).

1.6 PROJECT REPORTING

Pursuant to California Code of Regulations, title 23, section 6014, subdivision (a)(2)(A)(3), the Project will provide to the Department an Annual Summary Report (Annual Report) that includes:

- Summary of Project Implementation Actions and Benefit Implementation Actions
- Discussion of challenges and/or success in achieving Project Implementation Actions and Benefit Implementation Actions
- Summary of monitoring methods
- All monitoring data
- Discussion of management activities
- Other relevant information

The Authority will provide to the Department an Adaptive Management Review Report (Review Report) each five years or annually should an Adaptive Management Trigger occur. The Adaptive Management Review Report shall include:

- Items listed above for the Annual Summary Report
- Description of data evaluation methodology
- Results of metric analyses
- Evaluation of Performance Thresholds
- Evaluation of Benefit Environmental Response
- Discussion of any Adaptive Management Triggers that occurred, limiting factors

that may have contributed to Adaptive Management Triggers occurring, and Adaptive Management Actions taken to meet Performance Thresholds

- Discussion of challenges and/or success in achieving Public Ecosystem Benefit(s) (i.e., Project Implementation Actions, Benefit Implementation Actions, and Benefit Environmental Responses) Performance Thresholds

Reports can be provided to the Department through electronic and/or hard copy transmittal as agreed upon and depending on data type. Review and response by the Department to the Project shall be completed within 60 days of submission of the Annual Report, and within 90 days of submission of the Review Report.

1.7 FUNDING ADAPTIVE MANAGEMENT PLAN IMPLEMENTATION

Pursuant California Code of Regulations, title 23, section 6014, subdivision (a)(2)(A)(1)(e), this Adaptive Management Plan contains Public Ecosystem Benefit monitoring metrics, monitoring locations, frequencies, and timing, metric evaluation methodology and associated thresholds and trigger levels based on best available science that initiate Adaptive Management Actions, decision making processes, funding sources and financial commitments to implement this Adaptive Management Plan, and any other items deemed necessary to the Contract. The Authority may elect to participate in collaborative partnerships regarding the implementation of monitoring and/or Adaptive Management Actions of ecosystem benefits. However, should existing monitoring undertaken through collaborative partnerships cease, it is the Authority's responsibility to either implement necessary monitoring or identify other monitoring partnerships for this Adaptive Management Plan.

SECTION 2 ADAPTIVE MANAGEMENT OF PROJECT IMPLEMENTATION ACTIVITIES

2.1 DELIVER WATER TO WETLAND HABITAT

2.1.1 Monitoring Metrics and Performance Thresholds

2.1.1.1 Metric 1: Volume of Water Delivered

Because hydrologic variability precludes uniform annual deliveries, the Parties adopt a Minimum Cumulative Delivery schedule in lieu of a strict pro-rata requirement. For each Project Year identified in Table 2, the Pro-Rata Delivery Volume is the volume that would be delivered if the contract total were distributed evenly across the contract term at an annual rate of XX AF. The Minimum Cumulative Delivery is calculated as the Pro-Rata Delivery Volume multiplied by the Minimum Delivery Percentage for that Project Year. The Minimum Delivery Percentage increases over the contract term, consistent with the Department's analysis of hydrologic risk over the applicable period, such that the Project bears greater tolerance for shortfall in early years and converges to full pro-rata delivery by Project Year 70.

This Metric 1 does not require the utilization of greater than 17.3 % of the Storage

Allocation in Sites Reservoir or greater than 17.3% of the Downstream Capacity Share for the delivery of water to Wetlands Habitats.

Performance Threshold: The Project will achieve a cumulative volume of water delivered of XX AF over the term of this contract. Beginning in Project Year 11, the Project will deliver a volume in accordance with the minimum cumulative water delivery thresholds stated in Table 2 below.

Table 2. Minimum Cumulative Water Delivery Thresholds in AF.

Project Year	Pro-Rata Delivery Volume (AF)	Minimum Delivery Percentage	Minimum Cumulative Delivery (AF)
5	5 years of water	30%	1.5 years of water (5 x 30%)
10	10 years of water	50%	5 years of water (10 x 50%)
15	15 years of water	65%	9.75 years of water (15 x 65%)
20	20 years of water	75%	15 years of water (20 x 75%)
25	25 years of water	80%	20 years of water (25 x 80%)
30	30 years of water	85%	25.5 years of water (30 x 85%)
35	35 years of water	88%	30.8 years of water (35 x 88%)
40	40 years of water	91%	36.4 years of water (40 x 91%)
45	45 years of water	94%	42.3 years of water (45 x 94%)
50	50 years of water	96%	48 years of water (50 x 96%)
55	55 years of water	98%	53.9 years of water (55 x 98%)
60	60 years of water	100%	60 years of water (60 x 100%)

2.1.1.2 Metric 2: Maintain a Base Facilities Capacity of 17.3%

Performance Threshold: The Project will allocate up to 17.3% of Sites Water diverted from the Sacramento River and use up to 17.3% of the Storage Allocation in Sites Reservoir for the delivery of water to Wetlands Habitats at the volumes identified in Section 2.1.1.1 of this Adaptive Management Plan.

2.1.1.3 Metric 3: Maintain a Downstream Facilities Capacity of 17.3%

Performance Threshold: The Project will maintain a Downstream Facilities Capacity of up to 17.3% for the delivery of water to Wetland Habitats at the volumes identified in Section 2.1.1.1 of this Adaptive Management Plan.

2.1.2 Monitoring Methodology

The Project will monitor diversions and conveyance, in-reservoir operations, releases and deliveries, exchanged water, and estimated losses. In terms of the cumulative volume of water delivered, in the event water that was intended for NOD was instead delivered to SOD, the volume delivered will be adjusted down by half (1 AF NOD = 0.5 AF SOD). If water intended for SOD is instead delivered to NOD, the AF value will be adjusted up (1 AF SOD = 1.5 AF NOD).

Location: For Metric 1, the Reclamation POA or boundary of the Refuge or Wetland Habitat receiving water.

For Metric 2 and 3, the locations will be consistent with information provided in the year-end accounting to all other public water agency participants in the Project.

Timing and frequency: Monthly and annual total deliveries will be provided for the Water Year.

2.1.3 Reporting Components

Consistent with, and in addition to, items identified in the CAPB Section 4.3 and Section 1.6 of this Adaptive Management Plan, the Project will provide the following information pertaining to Project Implementation Activities:

Annual Report: By each February 1, the Project will report on: (1) projected deliveries (See Section 4.1.1.1 of the CAPB) for the previous Water Year, and (2) actual deliveries for the previous Water Year and an explanation for any differences between projected deliveries and actual deliveries. Reporting will include monthly and annual volume totals for the locations described in Section 2.1.2 of this Adaptive Management Plan. Deliveries will be categorized by SOD Refuges and Wetland Habitat not receiving water from the RWSP and NOD Refuges and Wetland Habitat not receiving water from the RWSP. Reporting will include the percent Base Facilities Capacity and Downstream Facility Capacity Share provided and the data used to calculate those percentages.

Review Report: The Project will evaluate deliveries by month, Water Year type (based on the Sacramento Valley Index), and location category and identify any constraints or challenges with meeting the volumes identified in Section 2.1.1.1 of this Adaptive Management Plan. The Project will assess its trajectory toward achieving the cumulative volume of water delivered for the term of this Contract.

2.1.4 Adaptive Management Triggers

Trigger for Adaptive Management: For Metric 1, the cumulative volume of water delivered is below the Minimum Cumulative Delivery Performance Thresholds stated in Table 2 of Section 2.1.1.1 of this Adaptive Management Plan. For Metric 2, less than 17.3% of Base Facilities Capacity was provided and the Adaptive Management Trigger for Metric 1 was met. For Metric 3, less than 17.3% of the Downstream Facilities Capacity was provided and the Adaptive Management Trigger for Metric 1 was met.

2.1.5 Management Actions

If an Adaptive Management Trigger occurs, decision-making shall follow the Decision-Making Process described in Section 1.5. The potential Adaptive Management Actions are aimed at ensuring the Project meets the Performance Thresholds for water deliveries while meeting the needs of the receiving Wetland Habitat. These actions are the following:

1. Provide water in different Water Year types or different months.
2. Provide water to a different location category.
3. Provide water to additional eligible Wetland Habitat.
4. Increase the use of operational exchanges with the SWP to increase water deliveries.
5. Ensure water deliveries to Wetland Habitat under this Contract have the priority use of 17.3% of Downstream Facilities Capacity.
6. Ensure 17.3% of Base Facilities Capacity is utilized to deliver water to Wetland Habitat.
7. Operate to maximize the volume of available Sites Water to achieve greater public benefits through use of the Storage Allocation in Section 2.1.1.2 to meet Performance Thresholds in Section 2.1.1.1 of this Adaptive Management Plan.

SECTION 3 ADAPTIVE MANAGEMENT OF BENEFIT IMPLEMENTATION ACTIVITIES

3.1 AGREEMENTS FOR THE WETLAND HABITAT ENHANCEMENT BENEFIT

3.1.1 Monitoring Metrics and Performance Thresholds

3.1.1.1 Metric 1: Maintain Donation Agreement with Bureau of Reclamation

The Authority has entered into a Donation Agreement with Reclamation that specifies the terms for Reclamation to accept water from the Authority and convey it to Refuges within the RWSP. The Donation Agreement is included in Exhibit X to the CAPB.

Performance Threshold: The Authority will maintain the Donation Agreement to ensure the delivery of water meets the Performance Thresholds identified in Section 2.1.1.1 of this Adaptive Management Plan.

3.1.1.2 Metric 2: Maintain Agreements with Department of Water Resources

The Authority has entered into an Exchange Agreement with the Department of Water Resources (DWR) that specifies the terms for exchanging water between the Project and the State Water Project (SWP), which will allow for the delivery of water to Wetland Habitat outside of the RWSP. The Exchange Agreement is included as Exhibit X to the CAPB. Additionally, the Authority has entered into a Wheeling Agreement with DWR that specifies the terms by which DWR will convey Sites Water through the SWP export facilities, including Banks Pumping Plant, and deliver the water to the SOD POAs. The Wheeling Agreement is included as Exhibit X to the CAPB.

Performance Threshold: The Authority will maintain the Exchange Agreement and Wheeling Agreement to ensure the delivery of water meets the Performance Thresholds identified in Section 2.1.1.1 of this Adaptive Management Plan.

3.1.1.3 Metric 3: Develop and Maintain Agreements to Deliver Water to Wetland Habitat Outside the RWSP

The Authority has entered into MOUs with Western Canal Water District and Richvale Irrigation District to deliver water to the Upper Butte Basin Wildlife Area.

Performance Threshold: The Authority will maintain applicable MOUs to ensure the delivery of water to the Upper Butte Basin Wildlife Area meets the Performance Thresholds identified in Section 2.1.1.1 of this Adaptive Management Plan.

3.1.2 Monitoring Methodology

Timing and frequency: For Metric 1 to 3, compliance with agreement terms will be assessed at a frequency to support annual reporting.

3.1.3 Reporting Components

Consistent with, and in addition to, items identified in the CAPB Section 4.3 and Section 1.6 of this document, the Authority will provide the following information pertaining to specific Benefit Implementation Activities:

Annual Report: For Metric 1 to 3, the Authority will report any modifications to an agreement during the preceding year and describe any changes to an agreement that may affect the volume of water delivered as required in Section 2.1.1.1 of this Adaptive Management Plan. The modified agreement will be provided. If a new agreement is executed, a copy will be provided to the Department within seven (7) business days of execution.

Review Report: For Metric 1 to 3, the Authority will evaluate and report on the effectiveness of the agreements in facilitating the delivery of water as specified in Section 2.1.1.1 of this Adaptive Management Plan.

3.1.4 Adaptive Management Triggers

Trigger for Adaptive Management: For Metric 1 to 3, a trigger will occur if any agreement is terminated or breached by any party or if it is modified in a manner that prevents the delivery of the water as identified in Sections 2.1.1.1 of this Adaptive Management Plan.

3.1.5 Management Actions

If an Adaptive Management Trigger occurs, decision-making shall follow the Decision-Making Process described in Section 1.5. Management actions include:

1. Negotiate modifications/amendments to existing agreements or develop new agreements to allow for the delivery of water as identified in Section 2.1.1.1 of this Adaptive Management Plan.
2. Implement Dispute Resolution process in appropriate agreement.
3. Identify and deliver water to new Wetland Habitat that has existing water conveyance infrastructure and will accept water from the Project.

SECTION 4 ADAPTIVE MANAGEMENT OF BENEFIT ENVIRONMENTAL RESPONSES

4.1 WETLAND HABITAT ENHANCEMENT BENEFIT

4.1.1 Benefit Environmental Response

Wetlands of California's Central Valley function as priority ecosystems that regulate hydrology and provide critical habitat for migratory birds of the Pacific Flyway, resident birds, native fish, reptiles, amphibians, mammals, and plants. These ecosystems have been substantially impaired by the loss of natural flood regimes and depend heavily on imported water supplies to sustain ecological function, as described in the 2020 Central Valley Joint Venture Implementation Plan. When adequate water supply is not available, the Wetland Habitats experience shortened hydroperiods and moisture depletion that reduce essential ecosystem function such as shallow water habitat availability for amphibian breeding, inadequate fall and winter flooding that diminishes foraging and roosting habitat for migratory waterfowl of the Pacific Flyway; and lowered groundwater tables that decrease perennial wetland cover that correspondingly degrades aquatic habitat available for semi-aquatic reptiles such as giant garter snake.

The Project will achieve the Benefit Environmental Response for the Wetland Habitat Enhancement Benefit by augmenting existing water supplies for Refuges that receive water from the RWSP and delivering water to the Upper Butte Basin Wildlife Area. These Refuges have long, demonstrated record of providing environmental benefits.

The Project may also achieve the Benefit Environmental Response for the Wetland Habitat Enhancement Benefit by providing additional water supplies to new locations of Wetland Habitat if approved by CDFW. Specific metrics used to measure the Benefit Environmental Response will be selected depending on the intended goals of individual locations. The metric(s) will be mutually agreed upon by the Authority and the

Department.

4.1.2 Monitoring Metrics and Performance Thresholds

The following metrics will demonstrate the anticipated improvement from the Project providing additional water to Wetland Habitat. Metric 1 applies to Refuges and the Upper Butte Basin Wildlife Area. Metric 2 applies to new Wetland Habitat locations.

4.1.2.1 Metric 1: Contribution to the Central Valley Joint Venture Implementation Plan

Performance Threshold: The Parties will meet with Refuge or wildlife area managers and Central Valley Joint Venture (CVJV) partners every five years to determine if an alternative water delivery approach may better meet CVJV habitat objectives.

4.1.2.2 Metric 2: Wetland Habitat Enhancement

The delivery of additional water above baseline conditions is expected to enhance Wetland Habitat to benefit a wide range of aquatic and terrestrial species. Monitoring metrics and Performance Thresholds shall be identified and specified from the subset below depending on the goals of a particular location and the best scientific information available. The metrics below may be modified as scientific knowledge changes or additional data becomes available to evaluate the Benefit Environmental Response.

- a. **Wetland Habitat Acreage** – The spatial extent of Wetland Habitat over a defined period.

Performance Thresholds: An increase in total Wetland Habitat acreage as compared to a baseline measured prior to water deliveries.

- b. **Wetted Hydroperiod** – The seasonal or monthly period(s) of importance to targeted habitat, species, or ecological community for which the Wetland Habitat is wetted.

Performance Thresholds: An increase or extension of the seasonal or monthly period(s) over which the Wetland Habitat is wetted compared to a baseline measured prior to water deliveries.

- c. **Physical Water Parameters** – Physical water characteristics that improve conditions for target species or ecological communities. Physical water characteristics may include, but are not limited to, temperature, dissolved oxygen, turbidity, depth, or disease prevalence.

Performance Thresholds: An increase or decrease in a specific physical water parameter(s) that benefits targeted species, habitat or ecological community, as compared to a baseline measured prior to water deliveries.

- d. **Counts or Population Indices of Targeted Species** – Quantities of targeted species utilizing Wetland Habitat.

Performance Thresholds: An increase in the count or population indices of targeted species utilizing the Wetland Habitat as compared to a baseline prior to water deliveries.

- e. **Habitat Condition or Functionality as Measured with an Accepted Assessment Method** – Wetland Habitat condition and/or functionality evaluated with a standardized and scientifically defensible wetland assessment method that is approved by the Department, such as the California Rapid Assessment Method.

Performance Thresholds: Improvement in the habitat condition or functionality as measured by a standardized and scientifically defensible wetland assessment method, approved by the Department, as compared to a baseline prior to water deliveries.

4.1.3 Monitoring Methodology

For Metric 1, monitoring will be inclusive of existing monitoring at each location receiving water. For Metric 2, the monitoring methodology will be determined in consultation with the Department and depends on the selected metric and Performance Threshold from Section 4.1.2.2 of this Adaptive Management Plan.

Location: For Metric 1, specific to each location. For Metric 2, the location will be determined in consultation with the Department.

Timing and frequency: depends on the selected metric and Performance Threshold from Section 4.1.2.2 of this Adaptive Management Plan.

4.1.4 Reporting Components

Consistent with, and in addition to, items identified in the CAPB Section 4.3 and Section 1.6 of this document, the Project will provide the following information pertaining to anticipated Benefit Ecosystem Response:

Annual Report: For Metric 1, none. For Metric 2, reporting will be determined in consultation with the Department and depends on the selected metric and Performance Threshold from Section 4.1.2.2 of this Adaptive Management Plan.

Review Report: For Metric 1, outcome of meeting with Refuge managers and CVJV partners. For Metric 2, reporting will be determined in consultation with the Department and depends on the selected metric and Performance Threshold from Section 4.1.2.2 of this Adaptive Management Plan.

4.1.5 Adaptive Management Triggers

Trigger for Adaptive Management: For Metric 1, water delivery approach is not meeting CVJV Implementation Plan habitat objectives. For Metric 2, the Project has fallen below the selected Performance Threshold(s) from the selected metric and ecological benefits targeted in Section 4.1.2.2 of this Adaptive Management Plan for a particular location.

4.1.6 Management Actions

If an Adaptive Management Trigger occurs, decision-making shall follow the Decision-Making Process described in Section 1.5. Management actions include:

1. Provide water in different Water Year types or different months, if beneficial to the receiving Wetland Habitat.
2. Provide water to a different location category.
3. Provide water to additional eligible Wetland Habitat.

**Summary of the Reservoir Committee and Authority Board's Direction to Staff for
Development of the CAPBs and Whether / How that Direction was Addressed
Ecosystem CAPB**

Direction to Staff for Development of the CAPBs	If and How Direction Has Been Met (and if Not, Why Not?)
For All CAPBs:	
1. Quantify benefits consistent with State Feasibility Study approach	Addressed. This direction has generally been met, with the three items noted below: • Cost Allocation – As staff has progressed through the effort, we now realize that the allocation of funding is a component of the Funding Agreement with the CWC and is not part of the CAPB. • Yolo Bypass Benefits – Through the CAPB discussions, it is noted that the benefits have been reformulated to focus only on wetland habitat enhancement and delivering water into the Yolo Bypass is no longer being considered. This is because DWR has found in its study effort that this action can have mixed and uncertain ecosystem benefits. With this finding, CDFW can no longer consider flows into the Yolo Bypass for Delta Smelt to be a net ecosystem benefit (i.e., the science is uncertain on the outcomes). • Term of Agreement – The State Feasibility Study assumed a 100-year term of the CAPB. Through extensive discussions throughout the development of the CAPB, staff is recommending a shorter term for the CAPB.
2. Continue to qualify for full benefit amount	In progress. As staff has progressed through the effort, we now realize that the allocation of funding is a component of the Funding Agreement with the CWC and is not part of the CAPB. Staff is continuing to work with the CWC to quantify the amount of benefit provided through revised modeling considering the recent draft water right terms. Benefit quantities and qualifying for the full benefit funding will be addressed at a future Reservoir Committee / Authority Board meeting.
3. Quantify benefits throughout operations to determine when full	Addressed. The Ecosystem CAPB provides for a quantification of benefits in Metric 1 of the Adaptive Management Plan (AMP) and Section 3 of the CAPB identifies that the CAPB terminates when the

benefit is provided and contract ends	cumulative volume of water has been delivered or 70 years, whichever occurs first.
4. Maintain flexibility and autonomy for the Authority to make decisions in implementation	Addressed. This comes into play in a number of areas in the CAPB and AMP. A few notable areas are as follows: • There is no mandate to deliver to specific wetland areas. CVPIA refuges and Upper Butte Basin Wildlife Area are initially provided as areas, but criteria is provided in Section 4.1.1.3 of the AMP that allows the Authority to deliver water to additional areas. This allows flexibility for the Authority to deliver to additional areas in the future as factors change. • There is no mandate to deliver specific quantities of water in specific year types. Water year type quantities are targets and not binding. The Authority must meet the cumulative water delivery quantities in Table 2 of the AMP, but can choose when, how much, and where to deliver water (within flexible bounds of the contract). As noted above, the Authority may also choose to exceed the quantities in this table (deliver ahead of schedule), which, once could result in early termination of the CAPB if the total quantity is delivered early.
5. Achieve adaptive management in a way that doesn't create substantial additional burden or cost to the Authority	Addressed. The adaptive management actions identified in the AMP were formulated to encourage the use of the flexibility that already exists in the CAPB if challenges are encountered with delivering water the CVPIA refuges and Upper Butte Basin. While these actions will require effort on the Authority's part (to say identify a new wetland area that would qualify as a net benefit for receiving water), the actions allow the Authority the flexibility to chose how best to accomplish them considering the opportunities and challenges at the time.
6. Minimize administrative efforts through effective and efficient monitoring and reporting	Addressed. The reporting requirements generally mirror accounting and reporting that we expect to conduct on a regular basis for all Storage Partners and reporting expected in associated agreements and our water right permit.
Specific to Ecosystem Benefits:	
7. Clear articulation of the limit of responsibilities of the Authority	Addressed.

• Authority responsible for delivery of water (including implementation actions to get water to intended outcome) • Authority not responsible for: ○ Favorable ecosystem response (increase in the population of Delta smelt or population of waterfowl) ○ Actions beyond the control of the Project (physical risks, regulatory risk, acts of god, political risks, etc.)	The CAPB and AMP clearly identify the Authority’s responsibilities as limited to the delivery of water (including implementation actions to get water to intended outcome). The Authority is not responsible for favorable ecosystem response. AMP Section 4 recognizes this in that the Authority’s requirements are limited to meeting with refuge / wildlife managers and the Central Valley Joint Venture every five years to determine if an alternative delivery approach would better meet CVJV habitat objectives. The Authority is also not responsible for actions beyond the control of the Project. The criteria and metrics in the AMP have been carefully formulated to make sure this is the case. In addition, Section 1.2 of the AMP identifies and recognizes that a variety of conditions may occur beyond the Authority’s control and responsibility (“Project Implementation Actions and Benefit Environmental Responses are subject to various uncertainties beyond the scope of the Authority’s control and responsibility, which can include, but are not limited to, California hydrology, future regulatory conditions, changing water operations outside of the Project’s influence, changes in land use, and climate change”).
8. Achieving State ecosystem benefits and Sites Participants’ benefits have equal priority	Addressed. The CAPB and AMP have been carefully worded to recognize that the Authority’s responsibility is to use “up to 17.3 %” of Base and Downstream Facilities Capacity. The ecosystem water is given the same priority and ability to utilize Sites Water and Sites Project facilities as all other Participants.
9. Contract changes should be between the parties (Sites and CDFW) to the extent possible	Addressed. CAPB Section 8.6 addresses Amendments. Amendments need to be accepted by the CWC but do not need to be approved by the CWC.