

Reservoir Committee and Authority Board Meeting

Agenda Item 2.1: Ecosystem Contract for
Administration of Public Benefits (CAPB)
with CDFW

May 22, 2026

Ecosystem CAPB

Issue for Discussion

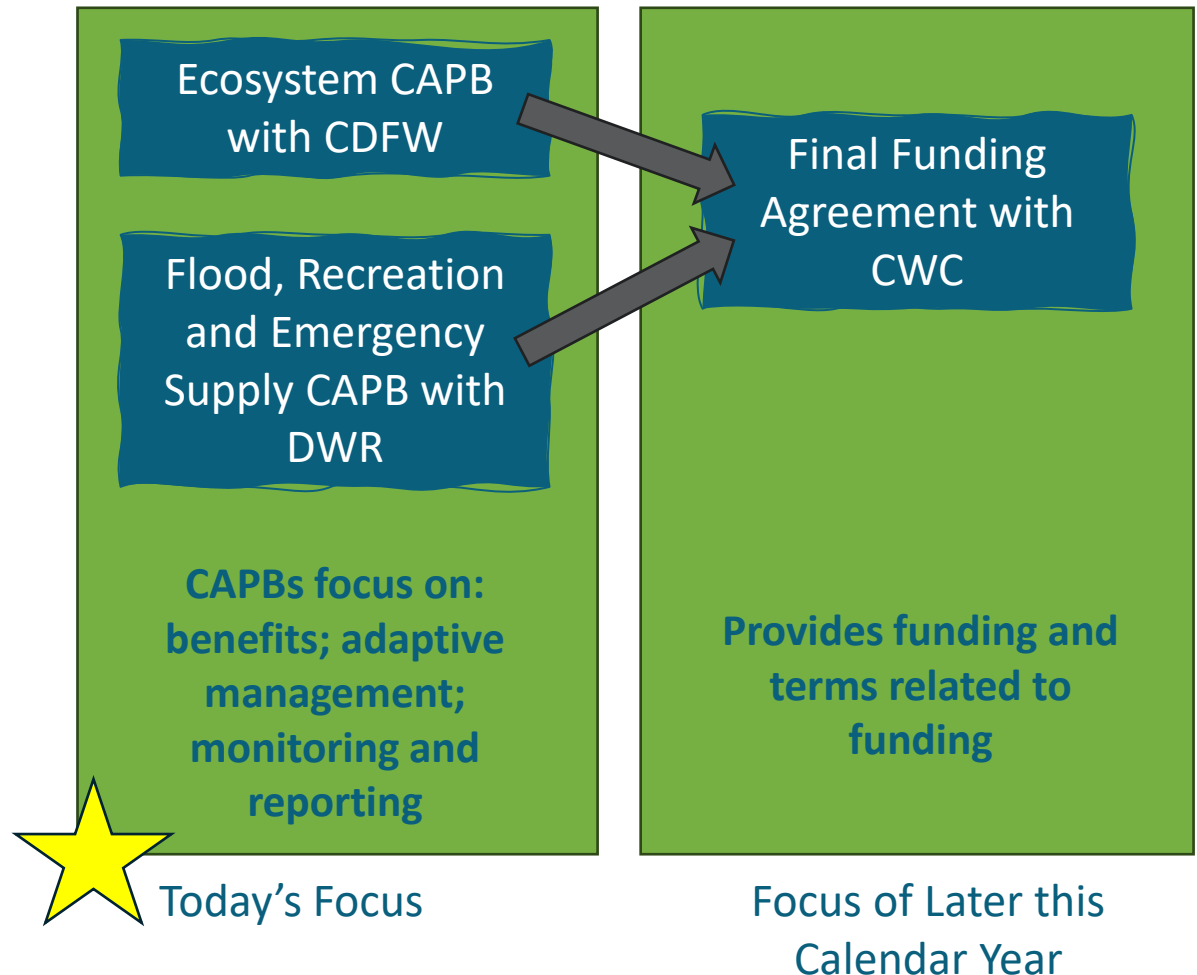
- Executed Ecosystem CAPB is necessary to achieve Prop 1 funding for the Project

Policy Direction Needed

- Consider acceptance of the terms of the Ecosystem CAPB
- Withhold final determination on delivery quantities until after: (1) final water right permit issued and (2) completion of public review process. Staff will come back for final approval.

Proposition 1 & WSIP Background

- Proposition 1
 - \$2.7 billion authorized for water storage projects
 - At least 50% of public benefits must be ecosystem improvements
 - Importantly, Prop 1 is buying benefits



Ecosystem Public Benefit – Wetland Habitat Enhancement

- Wetland Habitat Enhancement Benefit
 - 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
- Benefit Delivery Areas
 - CVPIA refuges as Incremental Level 4 refuge water
 - Upper Butte Basin Wildlife Area
 - Other public and private lands meeting measurable criteria
- Yolo Bypass/Delta smelt component no longer included due to uncertain outcomes

Authority's Obligations in Ecosystem CAPB

- Achieve the public benefits, subject to certain limitations and specified adaptive management
 1. Water Delivery to Place of Use
 2. Agreements Required to Deliver the Benefits
- Recall, the State is buying benefits under Prop 1
 - CAPBs structured to achieve certain public benefits
 - Different from participants who are acquiring a Capacity Interest in the Project facilities
 - Authority responsible for and makes arrangements for delivery of water

1. Water Delivery to Place of Use

- Cumulative total volume of water *delivered* to wetland habitats both north and south of Delta
 - Minimum cumulative target that ramps up deliveries over time
 - Lower targets in early years
 - Full cumulative amount by end of the contract
 - Authority not obligated to use more than 17.3% Base and Downstream Facilities
- If Authority falls below cumulative target schedule in any 5-year period, triggers adaptive management actions:
 - Provide water in different times, to different locations, to additional areas
 - Increase use of exchanges or other mechanisms to deliver water
 - Ensure the Authority is using the up to 17.3% of Base and Downstream Facilities for the ecosystem benefits
 - Seek 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

- Maintaining key agreements necessary to deliver the ecosystem benefits
 - Donation Agreement with Reclamation
 - Exchange Agreement with DWR to exchange water with Oroville
 - Necessary for deliveries to Upper Butte Basin Wildlife Area
 - Conveyance Agreement with DWR pumping and conveying this ecosystem water in DWRs south of Delta facilities
 - Agreements with water districts that serve the Upper Butte Basin
- 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

Adaptive Management Plan and Dispute Resolution Process

- AMP Objectives
 - Establish performance thresholds
 - Establish early warning triggers
 - Provide structured response process
- Key Risk Protections
 - Recognizes factors beyond Authority control such as, climate change, hydrology, regulatory changes, etc.
- Dispute Resolution
 - Collaborative process first
 - Potential escalation to CWC only after extensive efforts
- Kristal Davis Fadtko with CDFW will be discussing these in more detail

Term of the Ecosystem CAPB

- 70 years or earlier if cumulative volume of water delivered is achieved
 - Assumes 10-year construction period
 - Benefits start in year 11
- CAPB not effective until Funding Agreement with CWC is signed

Feb RC/AB Comments and Previous Direction to Staff

- Feb RC/AB Comments

- Equal risk on future hydrologic, climatic, and regulatory changes
 - AMP, Section 1.2 recognizes uncertainties beyond the Authority's control in the Adaptive Management Process
- No right to this water past term of the CAPB
 - Language provided by members included in Section 3 of the CAPB
- Force majeure clause
 - AMP Section 1.5.2 includes an expansive clause

- Previous Direction – See attachment B to Staff Report

- All items addressed except one (qualifying for the full benefit, which is in progress)

Next Steps

- Staff working on water delivery commitment values and targets
 - Ties into the value of the public benefits
 - Expected to have prelim numbers and value in June
 - Final numbers and value late calendar year (after final water right permit)
- CDFW transmits CAPB to CWC for 30-day public review
 - NOTE, staff report incorrect in saying 60-day review
- Adjust CAPB based on comments and finalize
 - Late summer / early fall

Questions?