



Subcommittee on Imported Water

# Preview of Upcoming Delta Islands Leases & Asset Management Items

Item 3c

July 22, 2025

## Item #3c Summary

### Subject

Preview of Upcoming Delta Islands Leases & Asset Management Items

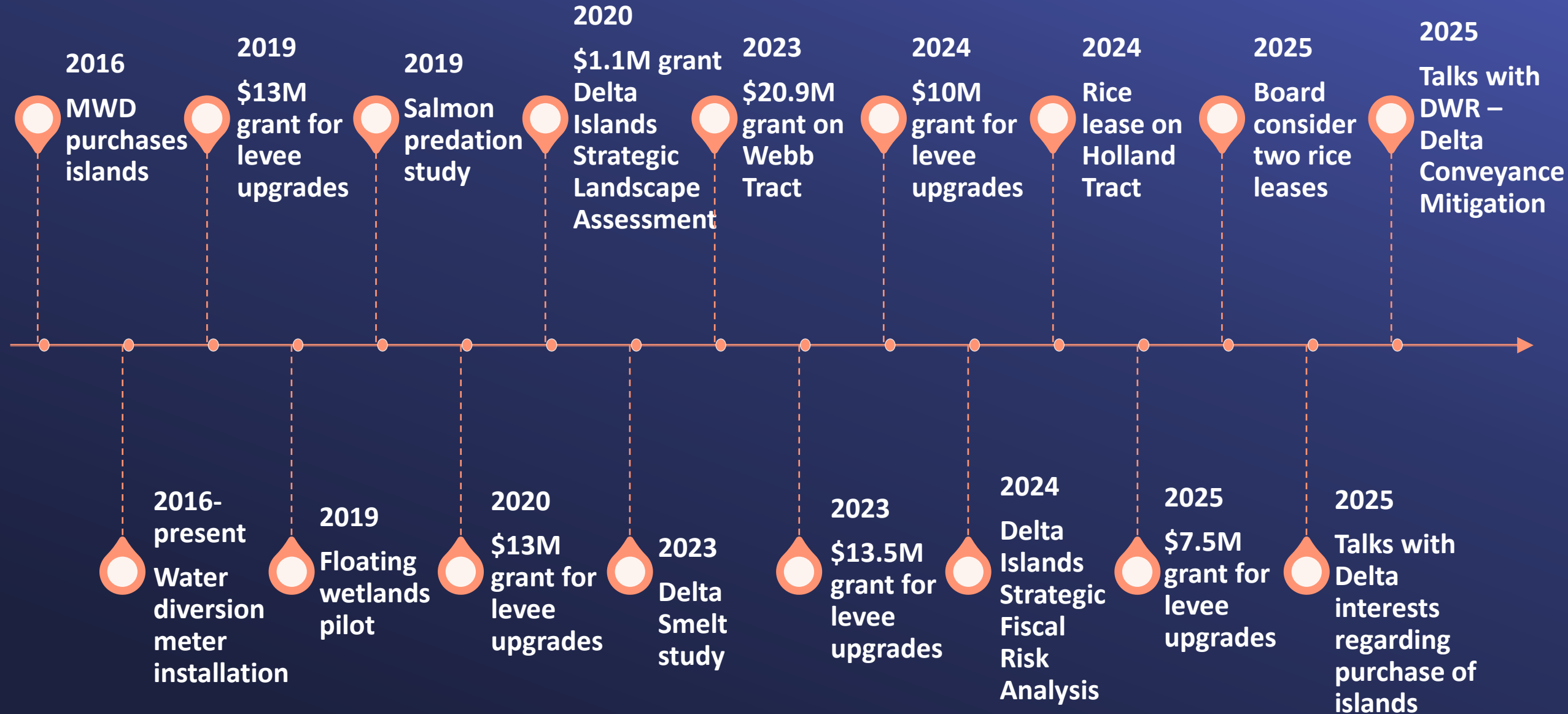
### Purpose

Follow-up on previous Board discussions on evaluating costs and benefits associated with ownership of the Delta islands and opportunities to sell one or more islands

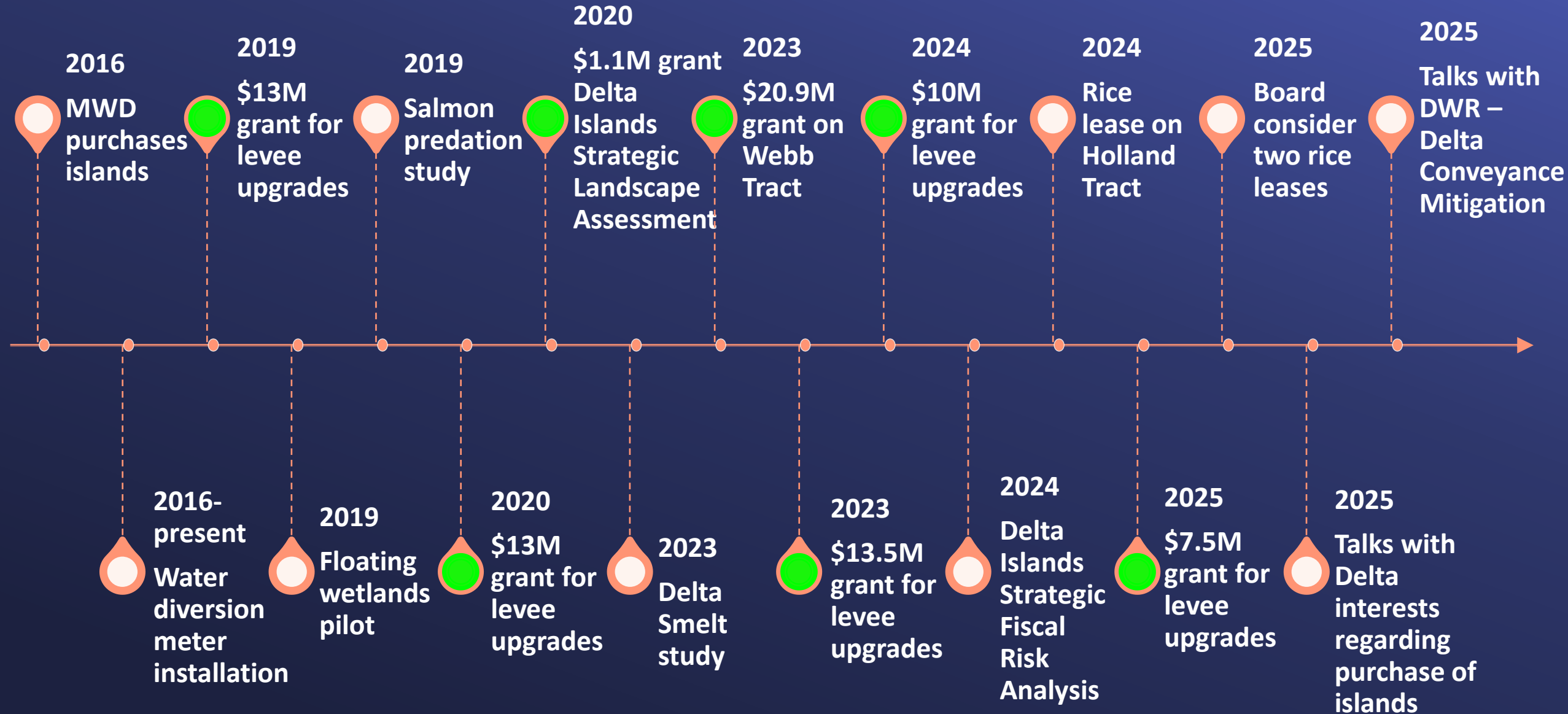
### Next Steps

1. Request Board Authorization of agricultural leases on two islands at FAAME in Aug. 2025
2. Build on 2024 Delta Islands Strategic Analysis with an updated value assessment and options to sell at FAAME in late 2025

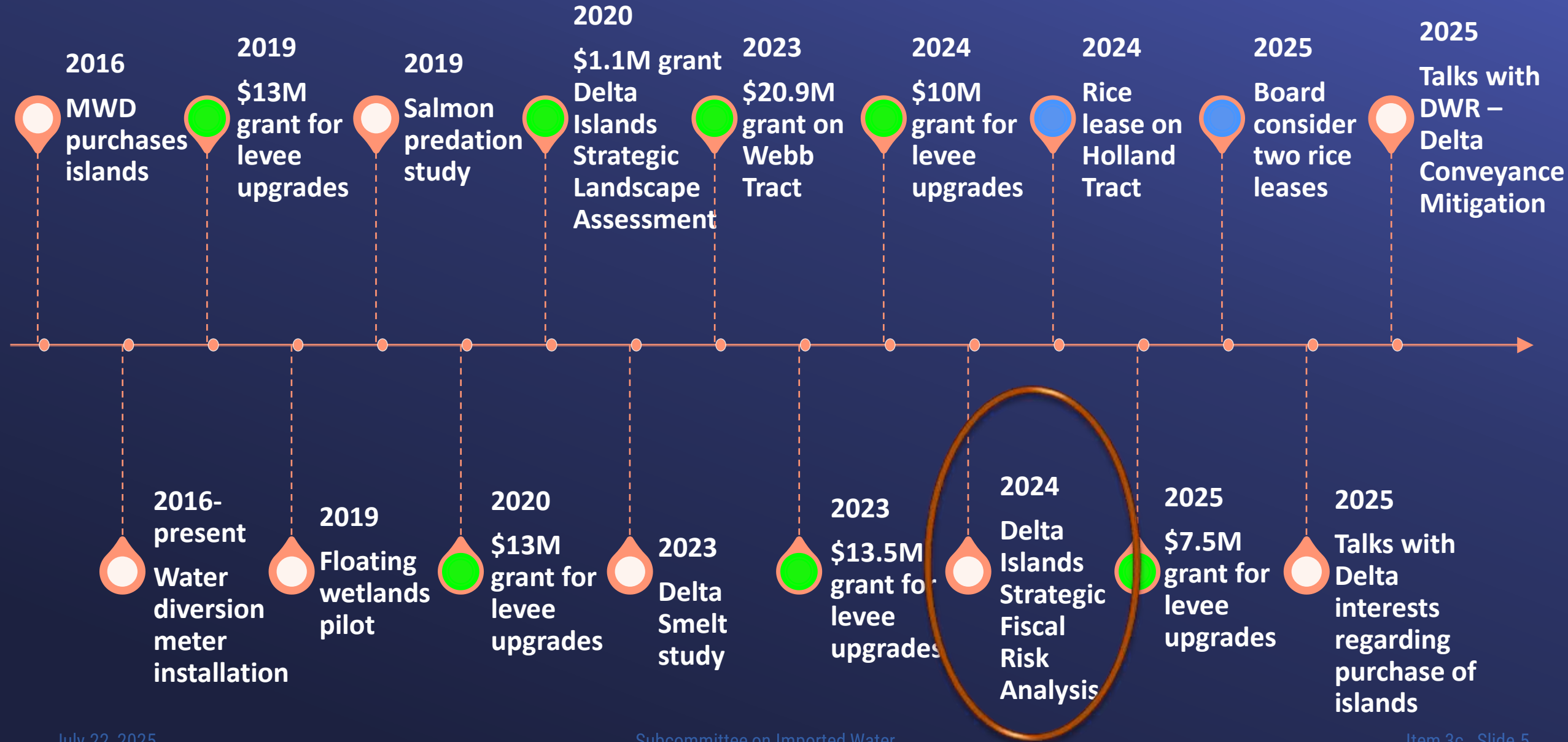
# Delta Island Key Activities



# Delta Island Key Activities



# Delta Island Key Activities



# Upcoming Lease Action Items FAAME August 2025

Estimated revenue from subsidence reducing crops				
Island	Board action	Proposed rice acres	100% conversion year	Projected 2030 annual revenue (2024 DI Strategic Analysis)
Holland Tract	March 2024	1,000	2029	\$0.5 to 1 million
Webb Tract	August 2025	1,361	2027	\$0.5 to 1 million
Bacon Island	August 2025	4,800	2031	\$1.8 to 2.8 million
Bouldin Island*	2026 expected	4,800	2032	\$1.7 to 3 million

\*Estimated based on current market

- 10+ year leases facilitate robust land improvements
- Rice revenues anticipated to significantly help offset costs
- Active leases do not prevent land sale



Updated  
Delta Islands  
Value  
Assessment  
and Options  
Analysis  
FAAME  
Nov/Dec  
2025

## Objective

Build on 2024 Delta Islands Strategic Analysis to evaluate whether maintaining, repurposing, or selling Delta islands better support Metropolitan's interests for:

- Water supply reliability and sustainability
- Risk mitigation (levee failure, sea level rise, flood, regs)
- Fiscal responsibility and asset management
- Carbon neutrality and subsidence reversal

# Potential Options to Evaluate and Preliminary Values to Consider

*Scope: Lands owned by Metropolitan (~20k+ acres) and 20-50 year outlook*

Option	Description	Potential Benefits				Potential Costs
		Water Reliability	Risk Mitigation	Revenue	Climate	
Own and actively manage	<ul style="list-style-type: none"> <li>Continue agricultural and telecom leases</li> <li>Pursue other revenue (carbon seq. &amp; storage, mitigation bank, renewables, etc.)</li> <li>Invest in risk mitigation</li> </ul>	X	X	X	X	Property taxes Maintenance Staffing
Sell	<ul style="list-style-type: none"> <li>Sell one or more islands</li> <li>Reduce annual debt service</li> </ul>	Depends on buyer	Depends on buyer	X		Cost of sale
Partnership w/ NGOs, Public Agencies	<ul style="list-style-type: none"> <li>Revenue streams and management focus would vary</li> <li>Shared ownership</li> <li>Split ownership and operations</li> </ul>	X	X	Depends on approach	X	Cost-sharing of: Property taxes Maintenance Staffing



# Islands Fiscal Analysis

CURRENT EXPENSES	
Expenses	FY 2022-25 (Average)
Property Taxes	\$2,100,000
Reclamation District	\$2,500,000
Vector Control	\$4,600
Repairs & Maintenance	\$250,000
Labor & Prof. Service	\$840,000
Travel & Incidentals	\$49,000
<b>SUBTOTAL</b>	<b>\$5.7 million</b>
Debt Service (variable loan)	\$7,960,000
<b>TOTAL</b>	<b>\$13.7 million</b>

POTENTIAL REVENUE/COST OFFSETS		
Revenue/Cost Offsets	Year 2030 (Low – High Range)	
Agriculture	\$4,500,000	\$7,800,000
Cell Tower	\$49,000	\$49,000
Waterfowl Preservation	\$81,000	\$343,000
Renewable Energy Prod	\$720,000	\$720,000
Carbon Sequestration	\$1,500,000	\$1,700,000
Eco-Mitigation Banking	\$7,400,000	\$11,500,000
<b>SUBTOTAL</b>	<b>\$14 million</b>	<b>\$22 million</b>
Carbon Capture & Storage	\$112 million	\$270 million
<b>TOTAL</b>	<b>\$126 million</b>	<b>\$292 million</b>

Revenue estimates do not include grants of which MWD has received \$80 million

Debt service – Interest only on through FY 2039-40; Principal payment starts FY 2040-41 thru FY 2044-45 averaging \$34.8 M/yr

# Property Values from 2024 Strategic Analysis Currently Updating Appraisals

PROPERTY VALUE APPRAISALS		
Island	Purchase <sup>1</sup>	Current <sup>2</sup>
Bouldin	\$52.4 million	\$48.4 million
Webb	\$47.6 million	\$27.5 million
Bacon	\$48.5 million	\$44.8 million
Holland	\$26.0 million	\$16.5 million
Chipps <sup>3</sup>	\$0.6 million	\$0.97 million
<b>TOTAL</b>	<b>\$175 million</b>	<b>\$138 million</b>

1) Purchase price does not include legal & other associated costs

2) Bouldin & Bacon appraisals completed November 2023; Webb & Holland appraisals completed December 2023

3) Chipps was sold to DWR in 2021 for \$972,000

4) Data from 2024 Delta Islands Strategic Analysis

## Next Steps and Discussion

1. Request Board authorization of agricultural leases on two islands at FAAME in Aug. 2025
2. Build on 2024 Delta Islands Strategic Analysis with an updated value assessment at FAAME in late 2025 including:
  - Costs and benefits associated with ownership versus sale
  - Evaluation of partnership opportunities
  - Updated appraisals for each island
  - Estimated debt service impact of potential sale

