



Bay-Delta Resources

5/11/2026 One Water and Adaptation Committee Meeting

6d

Subject

Update on Northern Sierra Nevada Watershed Activities

Executive Summary

In September 2024, Metropolitan’s Board authorized the General Manager to enter into agreements to provide funding for three pilot investigations associated with forest restoration programs in the northern Sierra Nevada. This Committee Item provides an update on the implementation progress of the three projects as well as other activities related to upper watersheds.

Details and Background

Pilot Investigation Updates

In September 2024, Metropolitan’s Board authorized the General Manager to enter into agreements to provide funding for three pilot investigations associated with forest restoration programs in the northern Sierra Nevada. All three have launched, and the implementation progress for each is summarized below. This report includes the actions supported in water year 2025 (October 1, 2024, through September 30, 2025) and the expected outcomes for the 2026 water year. The attached 2025 Restoration Report (**Attachment 1**) and Overview of Forest Resilience Bond (FRB) Pilot Projects (**Attachment 2**) provide additional details on each project, a recap of water year 2025 accomplishments, a look ahead for the 2026 season, and an overview of the FRB conservation finance model.

North Feather I FRB

The North Feather I FRB project brings together a diverse coalition of organizations to finance the acceleration of forest restoration in an area of the Feather River Watershed heavily impacted by the 2021 Dixie Fire. This project aims to restore forest health and reduce the risk of catastrophic wildfires, protecting communities and creating a more resilient landscape and water supply.

The North Feather I FRB officially launched in December 2024, and preliminary work began under a federal emergency authorization. Additional work on the larger project footprint began in July 2025. As of September 30, 2025, the North Feather I FRB supported the implementation of 562 acres of pile burning, hand thinning, and mechanical treatments. Since October 1, 2025, an additional 241 acres have been treated, with a total of 600 acres planned to be treated by the end of September 2026.

Plumas Community Protection I FRB

The Plumas Community Protection FRB project aids in the protection of communities, water supply, water quality, and biodiversity in the Feather River watershed. Forest health projects implemented in watersheds upstream of the Bay-Delta may help support long-term sustainability, protect key species and habitats, and contribute to climate change adaptation of the State Water Project (SWP).

The Plumas Community Protection I FRB launched in September 2025, and work began later that fall. As of September 30, 2025, the program was still in pre-launch. Since that time, 617 acres have been treated, with a total of 2,165 acres planned by the end of September 2026.

Upper Butte Creek I FRB

The Upper Butte Creek FRB project offers a unique opportunity to investigate the benefits of improving the health of a watershed on vulnerable fish species. Butte Creek supports the largest population of naturally spawning wild spring-run Chinook salmon in the Central Valley. Central Valley spring-run Chinook are listed as threatened under both state and federal endangered species acts and impact SWP supplies through the California Department of Water Resources state and federal operating permits.

The Upper Butte Creek FRB launched in March 2026, and work is anticipated to begin later this spring following delays resulting from recent fires in the area and issues related to the U.S. Forest Service staffing and National Environmental Policy Act processes. A total of 1,293 acres are planned for treatment by the end of September 2026.

Next Steps

The 2025 Restoration Report (**Attachment 1**) details some of the initial results for work completed in water year 2025 and estimates for the 2026 season, including water volume from reduced evapotranspiration, wildfire risk reduction, direct economic benefits, and avoided carbon emissions. Metropolitan staff is working with Blue Forest and its partners to evaluate the multiple benefits of the pilot investigations and to develop a business case to support the Board's consideration of potential future investments.

In addition, staff continues to pursue relationship-building opportunities in the upper watersheds through the Watershed Solutions Network (WSN) Watershed Framework process and through additional site visits. Staff is working with Blue Forest and the WSN to plan a visit to the North Fork Feather and Plumas Community Protection projects as well as a future visit of Upper Feather River Watershed leaders to Southern California.

Attachment 1 – 2025 Restoration Report

Attachment 2 – Overview of Forest Resilience Bond Pilot Projects



2025 Restoration Report for the Metropolitan Water District of Southern California



2025 Restoration Report

Prepared by Blue Forest for the Metropolitan Water
District of Southern California

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ABOUT BLUE FOREST: SCIENCE + FINANCE + COLLABORATION

Blue Forest is a conservation finance non-profit focused on advancing forest restoration through scientific research, financial innovation, and collaborative partnerships. Since 2018, Blue Forest has managed investor capital through its flagship financial product, the Forest Resilience Bond (FRB), which deploys private capital to finance forest restoration projects on private and public lands to reduce the risk of catastrophic wildfire.

Landscape & Project Overview

The source watersheds of the State Water Project in Northern California, including the Feather River and Butte Creek watersheds, have been disproportionately impacted by catastrophic wildfires. In the Feather River watershed alone, over 1.3 million acres have burned since 2018 by fires including the 2018 Camp Fire, 2020 North Complex Fire, and 2021 Dixie Fire, one of the largest wildfires in California history. The region continues to be threatened by wildfire due to the overstocked conditions of remaining green forests, impacting local communities and ecosystem function. In addition, many areas that have burned at high severity are at risk of type conversion to brushland or grassland, and many still have residual dead fuels on the landscape that increase the risk of reburn. These degraded ecosystem conditions reduce the ability of the landscape to be resilient to changing climatic conditions and extreme events such as drought and catastrophic wildfires, risking the safety of local communities and water source reliability to the State Water Project and to the millions of Californians who depend on it.

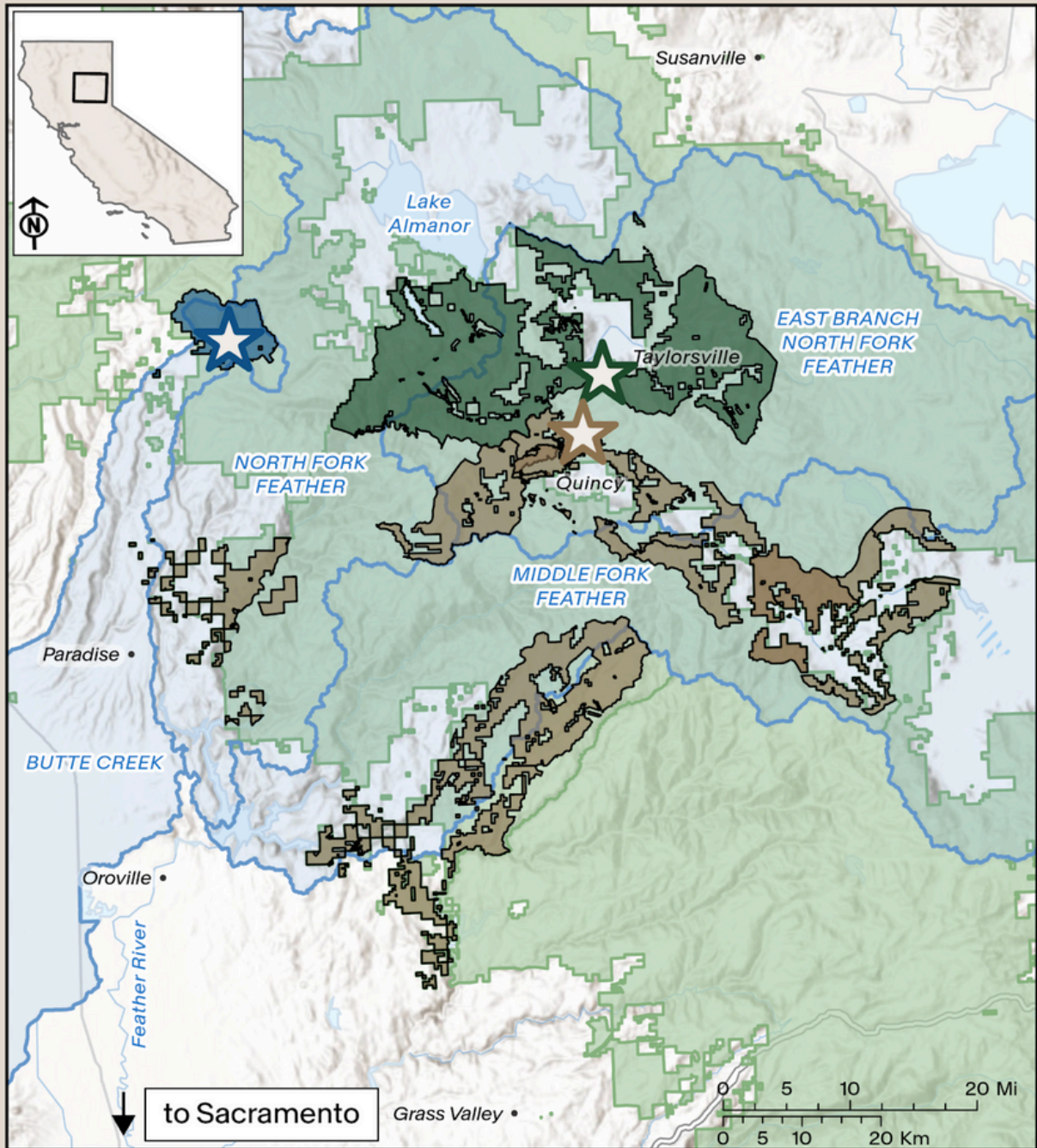
The Metropolitan Water District of Southern California (Metropolitan), being the largest contractor of the State Water Project, directly relies on these watersheds and their health. In September 2024, Metropolitan's Board approved to support three Forest Resilience Bond (FRB) pilots focused on ecological restoration work in the region. These FRBs provide 0% interest loans and direct additional funding to projects in order to accelerate the pace and scale of implementation.

The three FRB projects, the North Feather I FRB, Plumas Community Protection I FRB, and Upper Butte Creek I FRB, aim to restore the health of forests and watersheds and increase the region's overall landscape resilience. The overarching goals of these pilot projects are to start **reducing wildfire risk** and **improving watershed health and resiliency** through activities such as forest thinning, prescribed fire, removal of dead fuels, meadow restoration, and aspen improvement. These treatments will increase the health and resilience of the ecosystem, enabling these landscapes to continue to support a number of benefits, including **reliable water supply, improved and protected water quality, snowpack retention, public safety, habitat and species protection,** and **wildfire risk** and **greenhouse gas emissions reduction**.

Metropolitan’s critical financial support of these projects unlocked multiple opportunities. First, Metropolitan’s investment allowed work on the ground to happen at a faster pace when existing funding was about to expire, effectively restoring forest health in critical areas with high wildfire risk. Second, Metropolitan’s commitment and leadership attracted commitments from other beneficiary payors, including Pacific Gas and Electric (PG&E) and the California Department of Water Resources (DWR), further amplifying the future impact on the landscape. Third, momentum from Metropolitan’s investment catalyzed conversations around additional projects and opened the door to other opportunities and collaborations within the headwaters of the State Water Project, further building resilience against catastrophic wildfire on these landscapes.

With the support of Metropolitan, project partners are able to implement treatments more quickly than under traditional funding conditions and implement a larger suite of treatments. This support directly increases both the pace and scale of restoration and the expanded realization of associated ecosystem benefits. In addition, through their complementary treatment goals, these three pilots serve as case studies of how the region can be holistically restored to increase ecosystem resilience and realize multiple benefits.

| Pilot Project | North Feather I FRB | Plumas Community Protection I FRB | Upper Butte Creek I FRB | Total |
|-----------------------------------|---------------------|-----------------------------------|-------------------------|---------------------------------|
| Pilot Area (acres) | 1,500 | 4,000-5,000 | 1,000-1,500 | 6,500-8,000 acres |
| Total Pilot Cost | \$6.75m | \$12.5m | \$3-4m | \$22.3-\$23.3m |
| Metropolitan Funding | \$400,000 | \$400,000 | \$400,000 | \$1.2m |
| Plan for Scaled Footprints | 167,000 acres | 225,000 acres | 20,000 acres | 400,000+ potential acres |

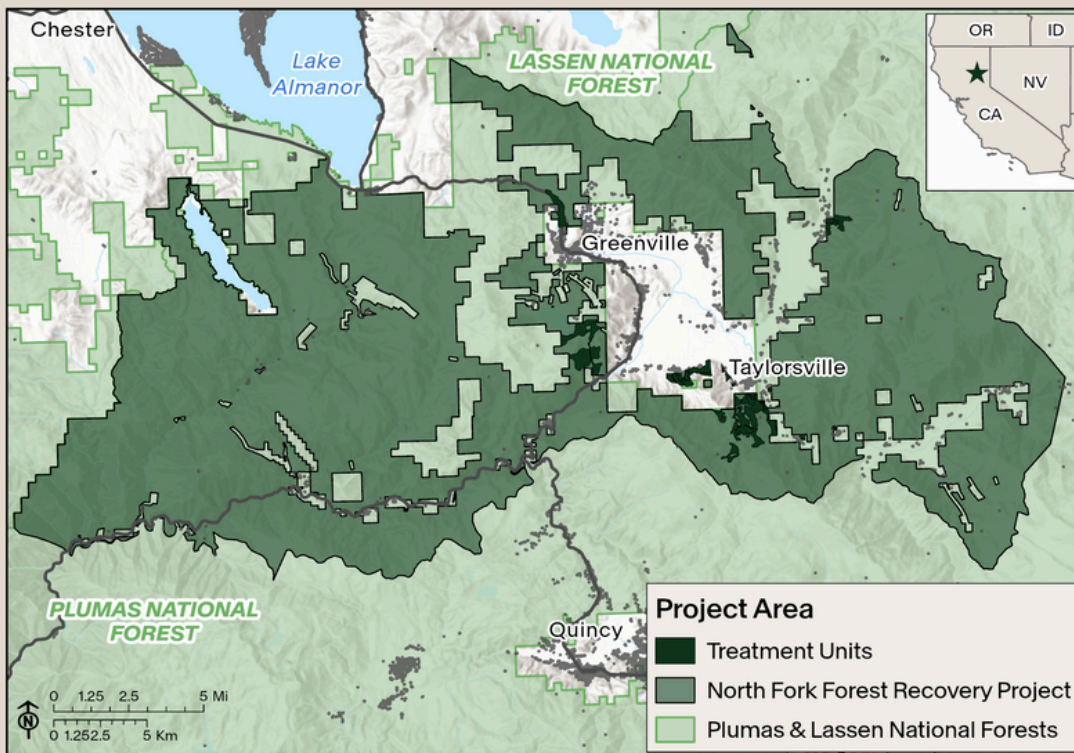


★ North Feather IFRB
 ★ Plumas Community Protection IFRB
 ★ Upper Butte Creek IFRB

| North Feather IFRB | Plumas Community Protection IFRB | Upper Butte Creek IFRB |
|--|---|---|
| Feather River Watershed | Feather River Watershed | Butte Creek Watershed |
| <ul style="list-style-type: none"> • Post-fire restoration • Green forest health • Community protection | <ul style="list-style-type: none"> • Community protection • Green forest health | <ul style="list-style-type: none"> • Post-fire restoration • Fish habitat recovery • Green forest health |

North Feather I FRB

Located in the Plumas National Forest and adjacent private lands, the North Feather I FRB launched in December 2024. The project is a combination of **post-fire restoration and green forest health treatments** in an area heavily affected by the 2021 Dixie Fire. The North Feather I FRB sits within the footprint of the North Fork Forest Recovery Project (NFFRP).



1,500 acres

pilot work supported
by the FRB

167,000 acres

broader project footprint

Watershed: Feather River

Treatment Activities: mechanical and hand thinning, prescribed fire, fuels reduction, reforestation, invasive species management, and stream restoration

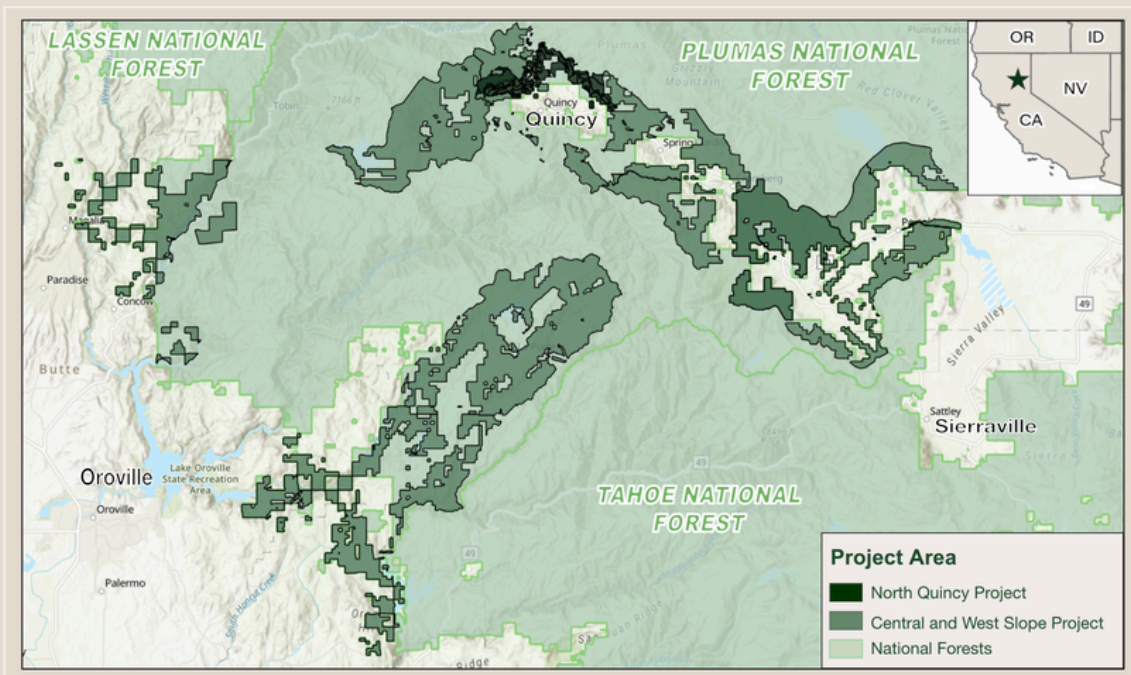
Implementation Partner: Sierra Institute for the Community and Environment (Sierra Institute)

Funding Secured for Pilot: \$6.75m

Project and Funding Partners: USDA Forest Service, Greenville Rancheria, CAL FIRE, Metropolitan, PG&E, DWR, and Sierra Nevada Conservancy (SNC)

Plumas Community Protection I FRB

Located in the Plumas National Forest, the Plumas Community Protection I FRB launched in September 2025. The project is focused on **forest health treatments to reduce wildfire risk**, thereby **protecting communities, infrastructure, and the surrounding watershed**. The Plumas Community Protection I FRB sits within the footprint of the North Quincy Wildfire Resilience Project and Central and West Slope Community Protection Project.



4,000-5,000
acres

pilot work supported
by the FRB

225,000 acres

broader project footprint

Watershed: Feather River

Treatment Activities: mechanical and hand thinning, hazardous fuels reduction, prescribed fire, and meadow restoration

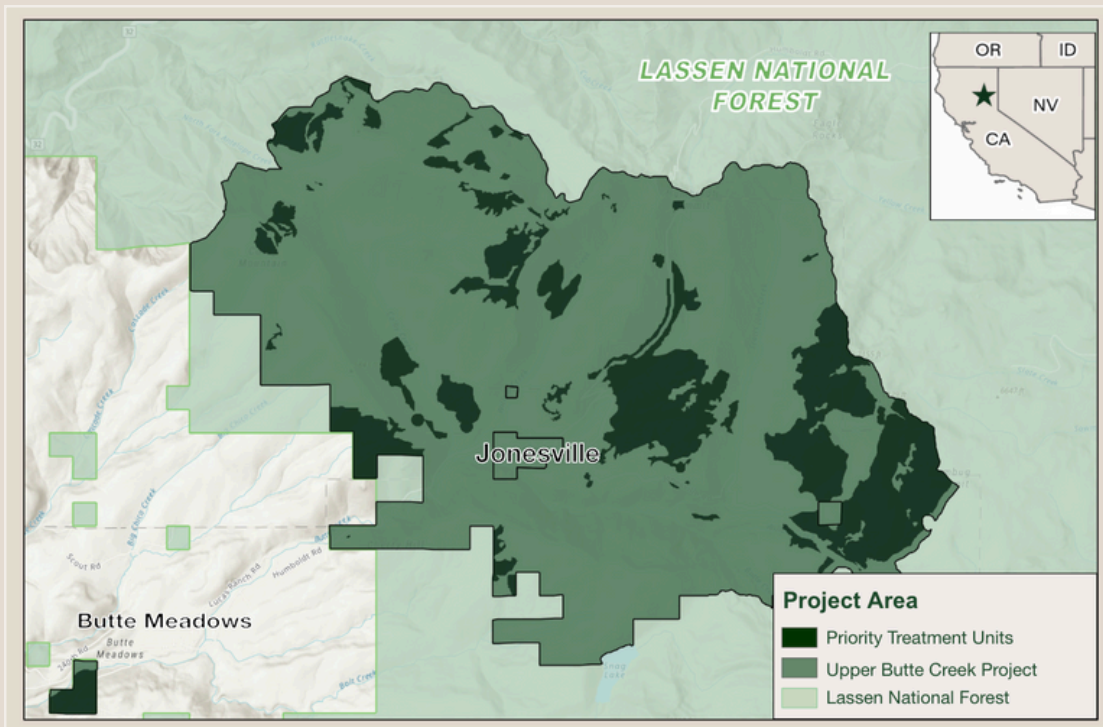
Implementation Partner: National Forest Foundation (NFF)

Funding Secured for Pilot: \$12.5m

Project and Funding Partners: USDA Forest Service, Metropolitan, PG&E

Upper Butte Creek I FRB

Located in the Lassen National Forest, the Upper Butte Creek I FRB is anticipated to launch in early 2026. The project is focused on **forest health treatments to reduce wildfire risk and protect nearby communities, watersheds, and Chinook salmon habitat** in an area impacted by the 2021 Dixie Fire. The Upper Butte Creek I FRB sits within the footprint of Upper Butte Creek Forest Health Project.



1,000-1,500
acres

pilot work supported
by the FRB

20,000 acres

broader project footprint

Watershed: Butte Creek

Treatment Activities: mechanical and hand thinning, prescribed fire, meadow and aspen restoration, and road realignment

Implementation Partner: TBD

Funding Secured for Pilot: \$3-4m

Project and Funding Partners: USDA Forest Service, National Fish and Wildlife Foundation (NFWF), and Metropolitan

2025 Water Year: Year in Review

As of the end of the 2025 water year (October 1, 2024 - September 30, 2025), two FRB projects have been launched in the Feather River watershed — the North Feather I FRB and the Plumas Community Protection I FRB — and significant progress in project planning and FRB development has been made on the third project, the Upper Butte Creek I FRB, which is expected to launch in 2026. In the 2025 water year, the North Feather I FRB supported the implementation of 562 acres, and shortly after the end of the water year, the Plumas Community Protection I FRB financed initial treatment acres on its footprint.

Despite project partners' progress in planning and implementation, partners faced many challenges this year due to changes in the federal landscape. In particular, changes in established processes and internal capacity of the USDA Forest Service caused delays in permitting and agreements, ultimately impacting implementation timelines.

A more detailed overview of the past water year for each project is included in the next few pages.



Year in Review: North Feather I FRB

Over the 2025 water year, the North Feather I FRB successfully deployed funds to Sierra Institute to support the implementation of forest restoration treatments within the Plumas National Forest. The North Feather I FRB launched in December 2024, with implementation beginning shortly after within the areas of the NFFRP footprint authorized under Emergency Authority and Categorical Exclusion. As of September 30, 2025, the FRB has supported the implementation of 562 acres of pile burning, hand thinning, and mechanical treatments. Of those, 248 acres were financed directly through the FRB, and 314 were enabled by the FRB by providing Sierra Institute assurances that contractors could be paid on time. The availability of funding from the FRB allowed Sierra Institute to work with local contractors that would have been deterred by long grant reimbursement timelines, thereby supporting local workforce development.

In June 2025, Sierra Institute led a site visit tour for all partners of the North Feather I FRB, including the USDA Forest Service, Metropolitan, PG&E, DWR, SNC, Blue Forest, and community partners (picture included in Appendix B). Partners viewed key project sites, including recently treated areas near Taylorsville, overstocked forests, areas affected by the Dixie Fire in Round Valley, and upcoming post-fire treatment sites in Greenville.

Throughout this year, Sierra Institute continued to work in collaboration with the Plumas National Forest to secure permitting for public lands work on the NFFRP, with the final NEPA decision signed in June 2025. In addition, Sierra Institute planned for fall implementation activities on private lands adjacent to the NFFRP. These private lands were identified as high priority by Sierra Institute to provide further protection to the community of Taylorsville. Aligning with FRB priorities and benefits, those private lands were added to the FRB footprint this summer and supported through FRB grant dollars. In June, Sierra Institute was awarded \$7 million in CAL FIRE funds to support work on both public and private lands, which was added to the FRB.

Blue Forest worked closely with DWR and SNC in the contracting process to contribute to the North Feather I FRB. Blue Forest and DWR also co-developed a research proposal to monitor impacts to snowpack and soil moisture from fuel treatments and wildfire severity. Site selection was completed this fall using in-kind resources from DWR and the support of Sierra Institute and the Plumas National Forest.

Sierra Institute and Blue Forest continued to explore partnerships to increase Tribal participation in the workforce to complete restoration on the NFFRP footprint. In March 2025, Greenville Rancheria confirmed that they would like to be listed as an official North Feather I FRB project partner. Greenville Rancheria provided project planning input, cultural monitoring, and involvement regarding a cultural stewardship area identified within the broader NFFRP footprint. Greenville Rancheria also worked alongside an archaeology survey crew contracted from Cal Poly Humboldt to conduct archaeological surveys near Greenville and Taylorsville during summer 2024. They are currently working with Sierra Institute and the Plumas National Forest to plan co-management activities and explore opportunities for cultural burning at two sites with large pockets of beargrass within the project footprint.

Shifts in directives from the federal administration brought changes to the Plumas National Forest, limiting staff capacity and causing delays in the creation of a new stewardship agreement between the Forest and Sierra Institute to allow them to continue treatments on public lands. These delays meant that no implementation happened on public lands between June 2025 and September 2025. Work on public lands is likely to resume in the 2026 field season.

Relevant Communications Materials

- [Project page on Blue Forest website](#)
- [North Feather I FRB press release](#)
- [North Feather I FRB video](#)

Images highlighting implementation progress and key events are included in Appendix B.

North Feather I FRB: Progress Metrics

As of September 30, 2025, the FRB has supported the implementation of 562 acres of pile burning, hand thinning, and mechanical treatments. Of those, 248 acres were financed directly through the FRB.

| Unit Name | Fuels Reduction (ac) | Prescribed burning (ac) |
|-----------------------|----------------------|-------------------------|
| Taylorville Pile Burn | | 248 |
| Taylorville EA | 314 | |
| Total | 314 | 248 |

| | |
|-------------------------|--|
| Water Supply* | ET Reduction: 211 acre-feet Average ET Reduction: 0.38 acre-feet per acre |
| Wildfire Risk Reduction | 562 acres of fuels reduction |
| Economic Benefits | 4 jobs supported** |
| Carbon | 19,670 tons of CO ₂ benefit compared to an untreated forest |

*Detailed ET reduction figures can be found in Appendix A.

**Jobs supported are reported for the work directly financed through the FRB. The number of jobs supported is expected to be higher for the total acres treated under this project.



North Feather I FRB: Financials

| Table 3. North Feather I FRB Budget and 2025 WY Expenditures | | | |
|--|-------------------|------------------------------|-----------------|
| | Metropolitan (\$) | Other FRB Contributors* (\$) | Cumulative (\$) |
| Total Project Budget <i>(Includes all funds formally committed as of 9/30/25)</i> | 400,000 | 221,000 | 621,000 |
| Remaining Project Budget <i>(Total project budget less expenditures)</i> | 225,000 | 23,922 | 248,922 |
| Funding | | | |
| Funds received to date | 200,00 | 221,000 | 421,000 |
| Future funds to be received | 200,000 | - | 200,000 |
| Total Funding | 400,000 | 221,000 | 621,000 |
| Expenses | | | |
| Q1 Expenses (Oct 1 - Dec 31, 2024) | - | - | - |
| Q2 Expenses (Jan 1 - Mar 31, 2025) | 175,000 | 169,927 | 344,927 |
| Q3 Expenses (Apr 1 - Jun 30, 2025) | - | 3,117 | 3,117 |
| Q4 Expenses (Jul 1 - Sep 30, 2025) | - | 24,033 | 24,033 |
| Total 2025 WY Expenditures | 175,000 | 197,078 | 372,078 |
| Funding remaining (total funding less expenses) | 225,000 | 23,922 | 248,922 |

*Contributions committed after 09/30/2025 (end of 2025 WY) are not included.

Table 4. North Feather I FRB Project Funding Secured (reimbursable grants)

| Funding Source | Funding Type | Funds secured as of 9/30/2025 (2025 WY) |
|---------------------|--------------|---|
| CAL FIRE I | State | \$1,323,660.00 |
| CAL FIRE II | State | \$6,999,621.41 |
| USDA Forest Service | Federal | \$628,358.17 |

Table 5. North Feather I FRB Monetary & In-Kind Contributions*

| Funding Source | Funding Type | Funds committed as of 9/30/2025 (2025 WY) |
|----------------|-----------------------|---|
| Metropolitan | Monetary contribution | \$400,000.00 |
| PG&E | Monetary contribution | \$200,000.00 |
| DWR | In-kind contribution | \$21,000.00 |

*Contributions committed after 09/30/2025 (end of 2025 WY) are not included.



Year in Review: Plumas Community Protection I FRB

During the 2025 water year, Blue Forest and NFF finalized contracts, successfully launching the Plumas Community Protection I FRB in September 2025. This enabled the deployment of funds to NFF to begin work in October 2025, supporting the implementation of forest restoration treatments on the North Quincy Wildfire Resilience Project footprint.

NFF and Blue Forest are exploring partnerships to increase Tribal participation on the project. In September, Blue Forest facilitated an introduction between NFF and the Maidu Summit Consortium to discuss potential partnership opportunities on the FRB footprint.

Relevant Communication Materials

- [Project page on Blue Forest website](#)

Year in Review: Upper Butte Creek I FRB

In parallel with the two above projects, Blue Forest, local project partners, and the Lassen National Forest made progress on the development of the Upper Butte Creek I FRB throughout the water year. The Upper Butte Creek Forest Health Project NEPA decision saw major delays because of USDA Forest Service capacity and additional required analyses as part of the Environmental Assessment process. Despite these delays, the Lassen National Forest staff completed specialist reports, drafted the Environmental Assessment document, and opened a public comment period in November 2025. A final NEPA decision is expected in early 2026. Local partners received the executed funding agreement for the NFWF grant and are currently working with the Lassen National Forest to secure additional funding.

The FRB launch is expected during the first half of 2026, with implementation to follow.

Relevant Communication Materials

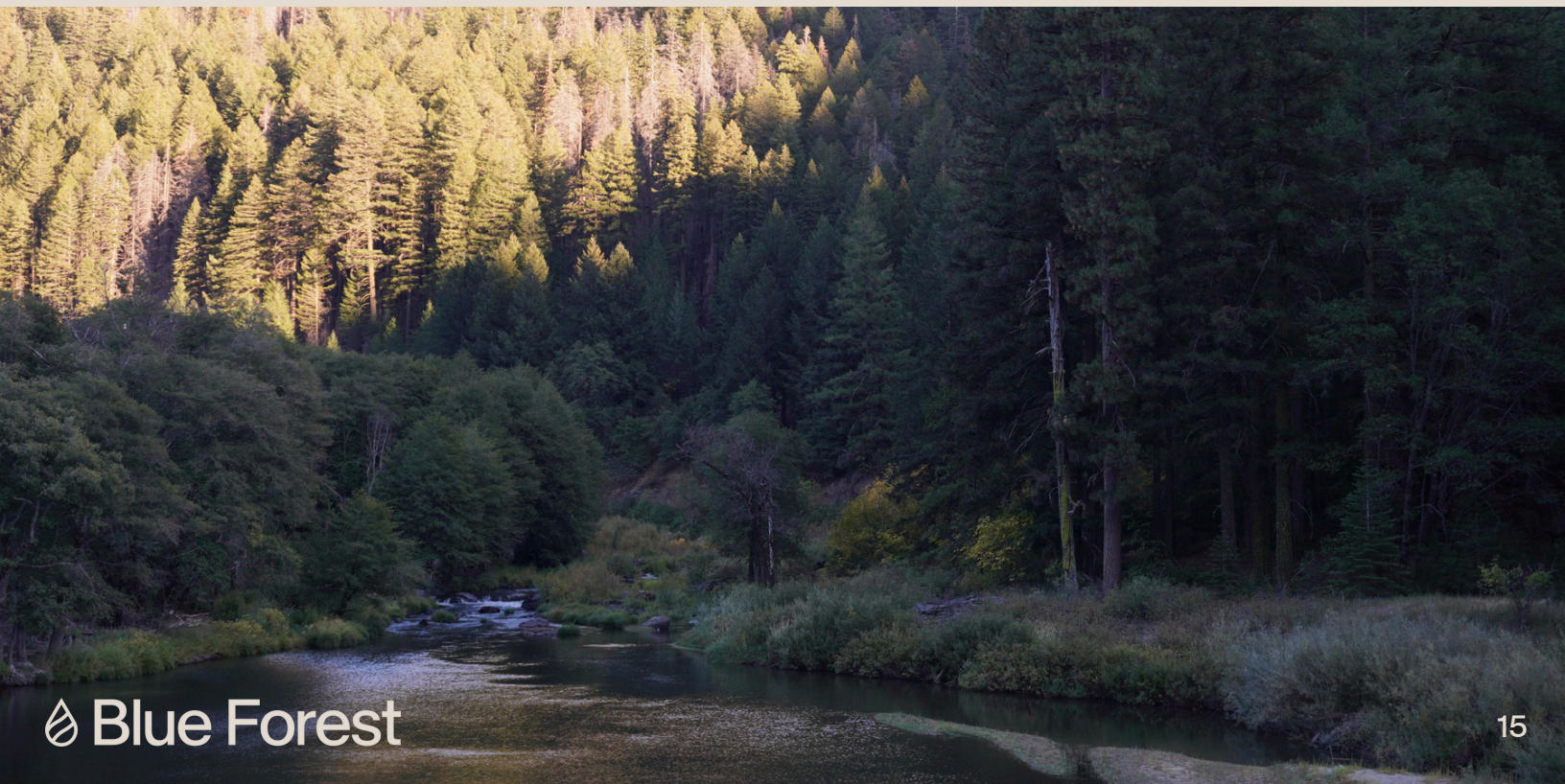
- [Project page on Blue Forest website](#)

Looking Ahead

We anticipate implementation to significantly ramp up in the next water year across all three projects, with two FRBs launched and one anticipated to launch in the first half of 2026. As more acres get treated, we are also anticipating ecosystem benefits to continue to accrue, further yielding volumetric water benefits and reducing the catastrophic wildfire risk across the Feather River and Butte Creek watersheds. Given the early stage of implementation of these pilots, projected benefits for 2026 water year for each of the projects are included in Appendix C.

With the FRBs in place, Sierra Institute and NFF are now able to utilize the line of credit provided to ensure contractor invoices are paid quickly and reliably once work begins, facilitating and accelerating the implementation of priority forest restoration treatments across both project footprints on public lands as well as high-priority adjacent private lands. Once the Upper Butte Creek I FRB is launched, the FRB will provide the same advantages to this project's implementation partner. In addition, grant funding provided through the FRBs will help support critical activities across all three projects.

A more detailed overview of the 2026 water year for each of the projects is included in the next few pages.



Looking Ahead: North Feather I FRB

Since October 1, 2025, Sierra Institute has begun work on private lands adjacent to the NFFRP, which are being financed through the North Feather I FRB, and will continue with planning and securing the necessary agreements to advance treatments on public lands work in 2026. The goal is to implement approximately 546 acres within the next water year.

These treatments will be supported by the \$7 million grant from CAL FIRE, up to \$700,000 in funding from the USDA Forest Service and SNC, as well as Metropolitan, PG&E, DWR, and SNC's contributions. In 2026, Sierra Institute may use grant funding through the FRB to support prescribed burning on the project footprint, as well as to bridge additional contractor costs associated with treatments on private lands. In addition, Sierra Institute is working to finalize \$4 million in funding agreements with the California Wildfire Defense Grant Program and SNC that could further support treatments on private lands.

As of December 1, 2025, contracts with SNC and DWR have been executed and funds are expected to be available to the FRB in 2026. In addition, through continued in-kind support from DWR, the snowpack research study is also expected to begin in 2026 once equipment procurement and permitting are complete.

With the cash flow support from the FRB, Sierra Institute is excited to continue their focus on hiring local contractors in the region, boosting the local economy. Sierra Institute is also continuing to build relationships with Tribes, and contracted with the Maidu Summit Consortium to complete work on 5 acres in fall 2025.

Looking Ahead: Plumas Community Protection I FRB

Following the launch of the Plumas Community Protection I FRB on September 9, 2025, NFF began contracting work out within the footprint of the North Quincy Wildfire Resilience Project. As of the end of October 2025, 252 acres of work were financed by the FRB.

Over the rest of the 2026 water year, NFF plans to implement approximately 2,165 acres of work within the North Quincy Wildfire Resilience Project. In addition, prepping and contracting for future implementation will follow on the Central and West Slope project footprint, which will further protect both surrounding communities in the WUI and water supply from wildfires. These treatments will be supported by Inflation Reduction Act funding as well as funding contributions from Metropolitan and PG&E. As of December 2025, contributions to the FRB have enabled \$100,000 to be granted directly to NFF to support additional work, with more funds expected to be granted in 2026.

In December, Blue Forest facilitated an introduction between Greenville Rancheria and NFF to support further exploration of cultural monitoring and Tribal workforce engagement opportunities on the project footprints within the FRB.

Looking Ahead: Upper Butte Creek I FRB

The NEPA decision for the Upper Butte Creek Forest Health Project is expected in early 2026. After this decision, Blue Forest will work to finalize agreements with the Implementation Partner and launch the Upper Butte Creek I FRB in the first half of 2026.

Work will begin in spring 2026 with road realignment and meadow restoration treatments supported by a \$2 million grant from NFWF. The Lassen National Forest is also working to allocate \$1-2 million in additional funding to the project.

The Long-Term Opportunity

These three pilot FRBs cover a wide range of immediate needs for forest health and ecosystem resilience across the Feather River and Butte Creek watersheds that supply the State Water Project. Benefits from these projects include wildfire risk reduction, water quantity and quality enhancement, post-fire recovery, fish habitat restoration, and overall community protection. By reducing the risk of catastrophic wildfire and restoring resilience to the region, these watersheds will be better protected from major sedimentation and erosion events, woody debris clogging the waterways and streams, early snowmelt, and changes to stream temperatures that present challenges for biodiversity, all while protecting and enhancing in-stream water volume through decreased evapotranspiration from thinning treatments.

Each of the FRBs represents a small fraction of a much larger opportunity, as each pilot exists within a larger project footprint, with the potential to scale and achieve greater ecosystem benefits if fully implemented. By investing in watershed health projects, Metropolitan is deploying a high-value strategy for protecting a critical source watershed for the State Water Project as well as at-risk communities. Metropolitan's investment in landscape-scale restoration lowers the probability any ignition, regardless of source, will escalate into an event that threatens ecosystems, communities, and water supply. Blue Forest looks forward to continued partnership with Metropolitan in 2026 and beyond to continue delivering transformative outcomes across Northern California's source watersheds.

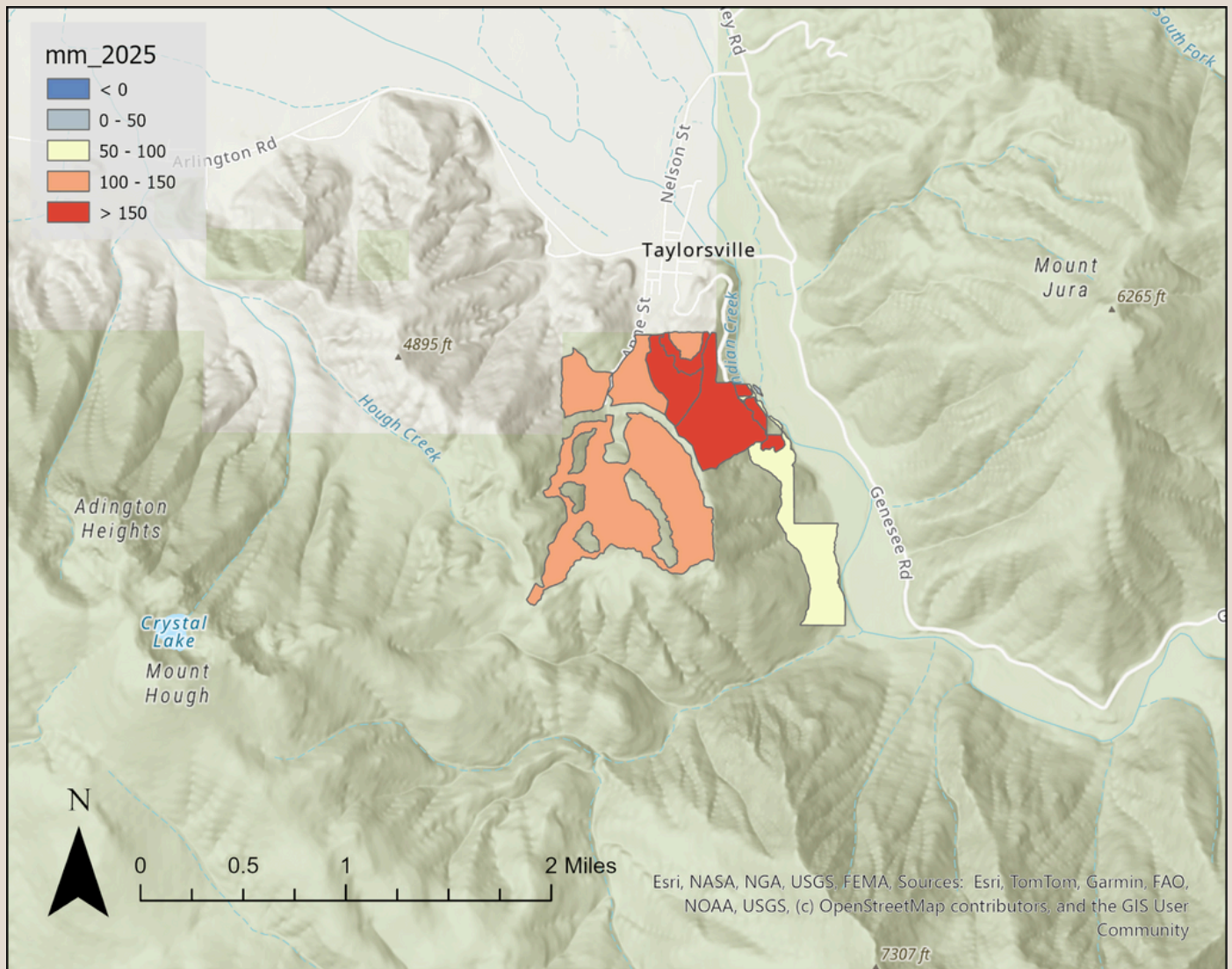
| Pilot Project | North Feather I FRB | Plumas Community Protection I FRB | Upper Butte Creek I FRB |
|-----------------------|--|---|---|
| Watershed | Feather River | Feather River | Butte Creek |
| Primary Goals | <ul style="list-style-type: none"> • Post-fire restoration • Green forest health • Community protection | <ul style="list-style-type: none"> • Community protection • Green forest health | <ul style="list-style-type: none"> • Post-fire restoration • Fish habitat recovery • Green forest health |
| Parent Project | North Fork Forest Recovery Project & Private lands | North Quincy Wildfire Risk Reduction Project & Central and West Slope Community Protection Project | Upper Butte Creek Forest Health Project |
| Area Potential | 167,000 acres | 225,000 acres | 20,000 acres |

Thank you from the Blue Forest team and our colleagues at Sierra Institute, the National Forest Foundation, the USDA Forest Service, and the Center for Ecosystem and Climate Solutions.

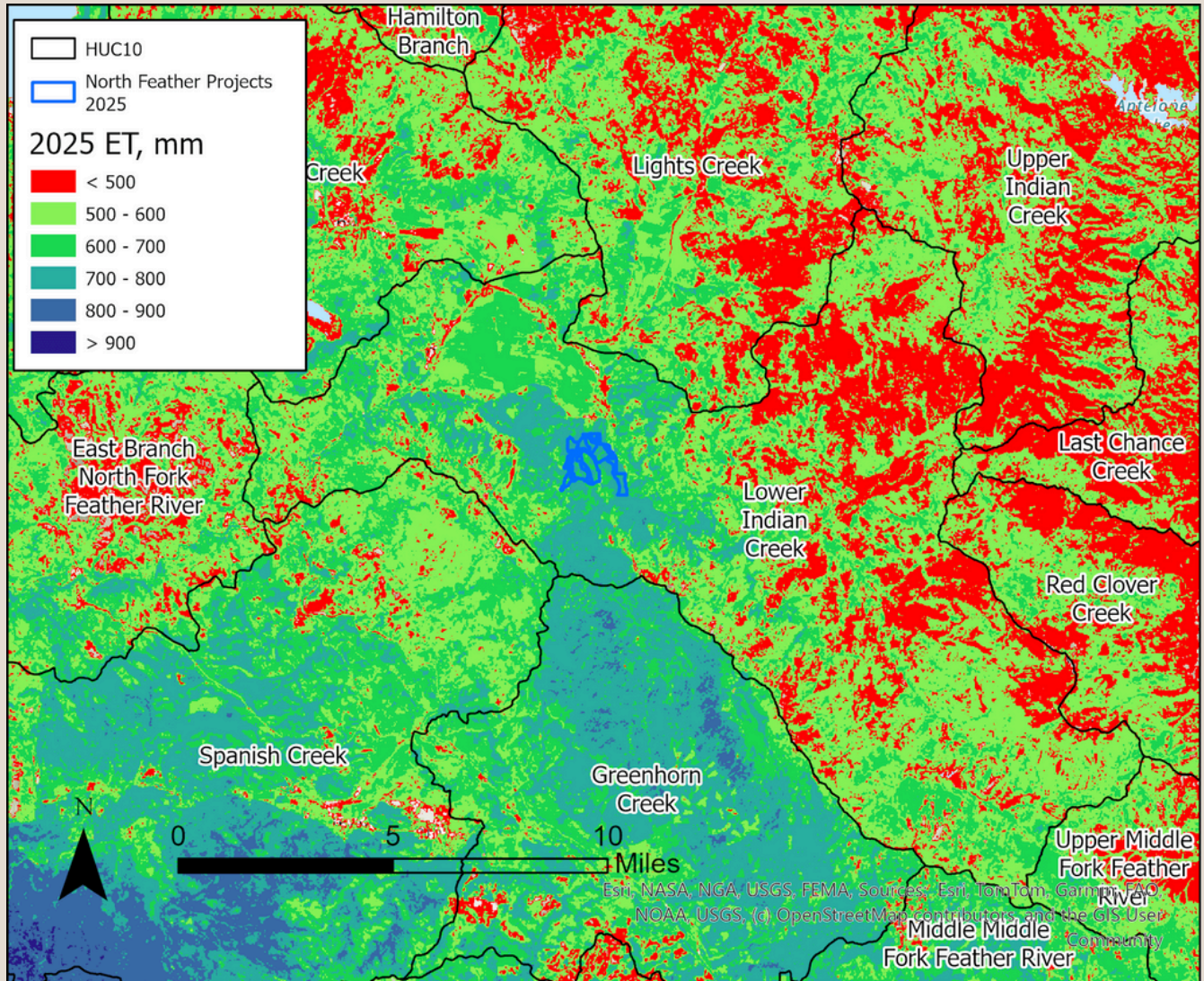


Appendix A: North Feather I FRB Detailed Water Benefit Results

The following maps depict results from modeling the volumetric water benefits associated with the forest health treatments implemented on the North Feather I FRB project footprint for the 2025 water year (October 1, 2024 to September 30, 2025).



Reduction in 2025 water year evapotranspiration (ET), in millimeters, relative to ET levels from 2010-2024.



Subwatersheds (HUC 10) of the Feather River watershed and the North Feather I FRB treatment areas, showing annual evapotranspiration (ET) for the 2025 water year.

Appendix B: North Feather I FRB Project Photos



Group photo from site visit to North Feather I FRB treatment areas in June 2025. Partners included Sierra Institute, Metropolitan, PG&E, DWR, SNC, Blue Forest, USDA Forest Service, and other community stakeholders.



A pile from vegetation thinning treatments on the NFFRP. This work, led by Sierra Institute, was supported by the North Feather I FRB.



Pile burning treatments on the NFFRP footprint. This work, led by Sierra Institute, was supported by the North Feather I FRB.

Appendix C: Projected 2026 Water Year Benefits

For each of the pilot projects supported by Metropolitan, Blue Forest analyzed three benefits associated with the anticipated treatments for the 2026 water year:

- **Water volume:** increased water yield as measured by decreased evapotranspiration (ET).
- **Wildfire risk reduction:**
 - **Flame length:** metric informing the wildfire hazard potential (WHP). A decreased flame length indicates a lower WHP.
 - **Rate of spread:** indicator of the speed at which a fire can advance across the landscape. A decreased rate of spread indicates a slower fire advancement.

The following sections provide an overview of the anticipated treatments for the 2026 water year for each FRB pilot project and benefit analysis results. Planned activities were provided by the respective project partners, and then analyzed using the Natural Climate Solutions (NCS) Toolbox developed by the [Center for Ecosystem Climate Solutions \(CECS\)](#).

Benefits are represented for the first year after implementation. Please note that, while the models used are built on sophisticated and rigorous research, the benefit values presented in this document are a projection of the outcomes, and the actual benefit values may vary.

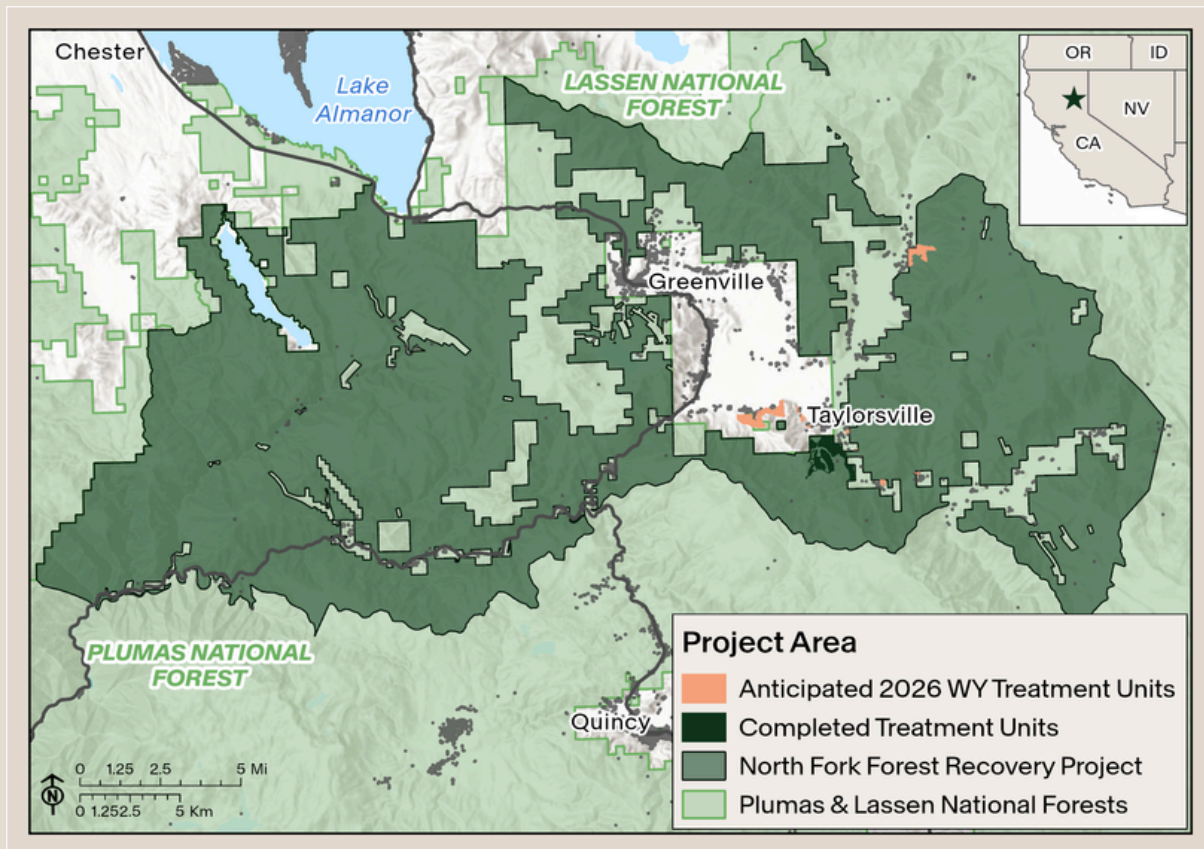


Projected 2026 Water Year Benefits: North Feather I FRB

Over the next water year, the North Feather I FRB is anticipated to support the treatment of 546 acres through a series of activities, including mechanical thinning, hand thinning, pile, pile burn, and snag removal. Predicted benefits from these treatments are included in the table below.

| | |
|---------------------------|---------------|
| Water Volume | 242 acre-feet |
| Flame Length Reduction* | 39% |
| Rate of Spread Reduction* | 45% |

*Wildfire risk reduction benefits are expected to be larger if prescribed burns follow the relevant hand and mechanical thinning treatments.



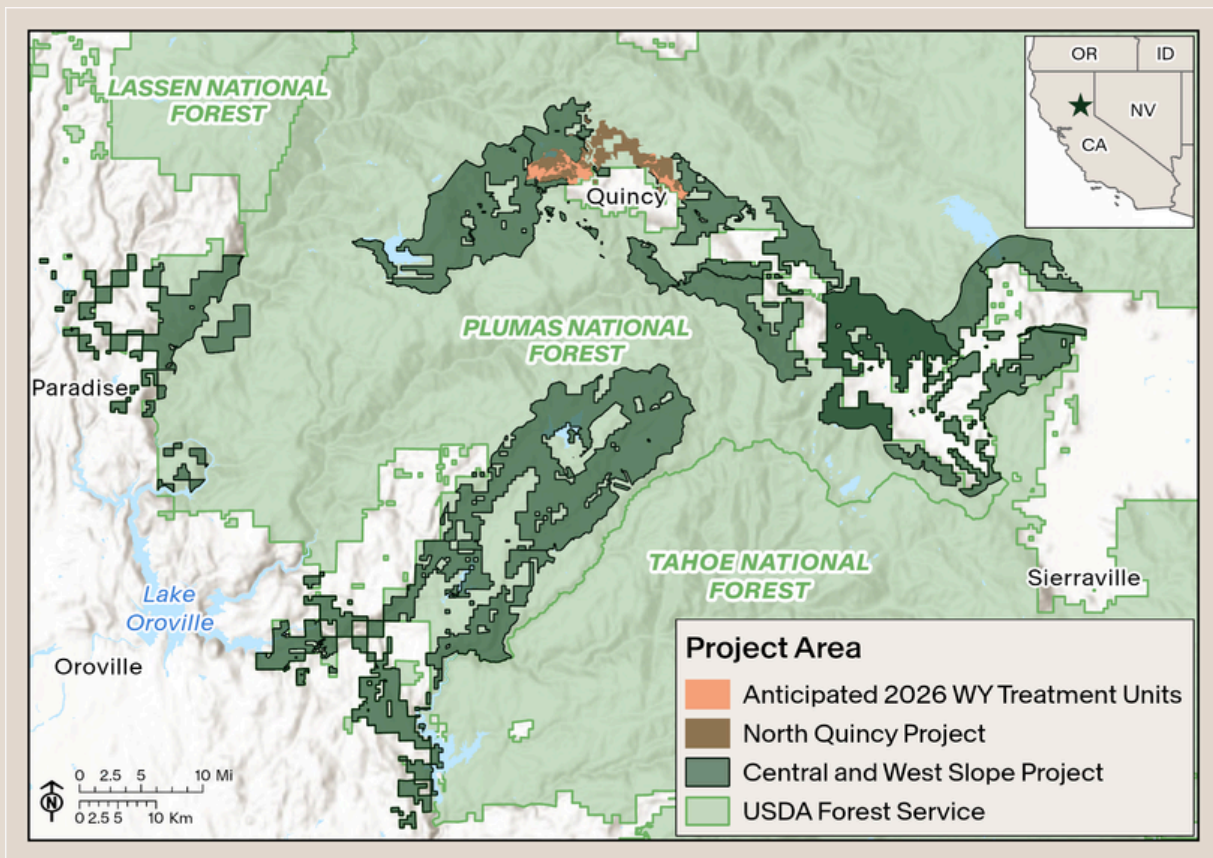
****Anticipated 2026 water year treatment units are subject to change****

****Projected benefits have been provided in this report due to the early-stage nature of the pilots, but will not be included in future annual restoration reports.****

Projected 2026 Water Year Benefits: Plumas Community Protection I FRB

Over the next water year, the Plumas Community Protection I FRB is anticipated to support the treatment of at least 2,165 acres through a series of activities, including hand thinning and mastication. Predicted benefits from these treatments are included in the table below.

| | |
|--------------------------|-----------------|
| Water Volume | 1,032 acre-feet |
| Flame Length Reduction | 79% |
| Rate of Spread Reduction | 84% |



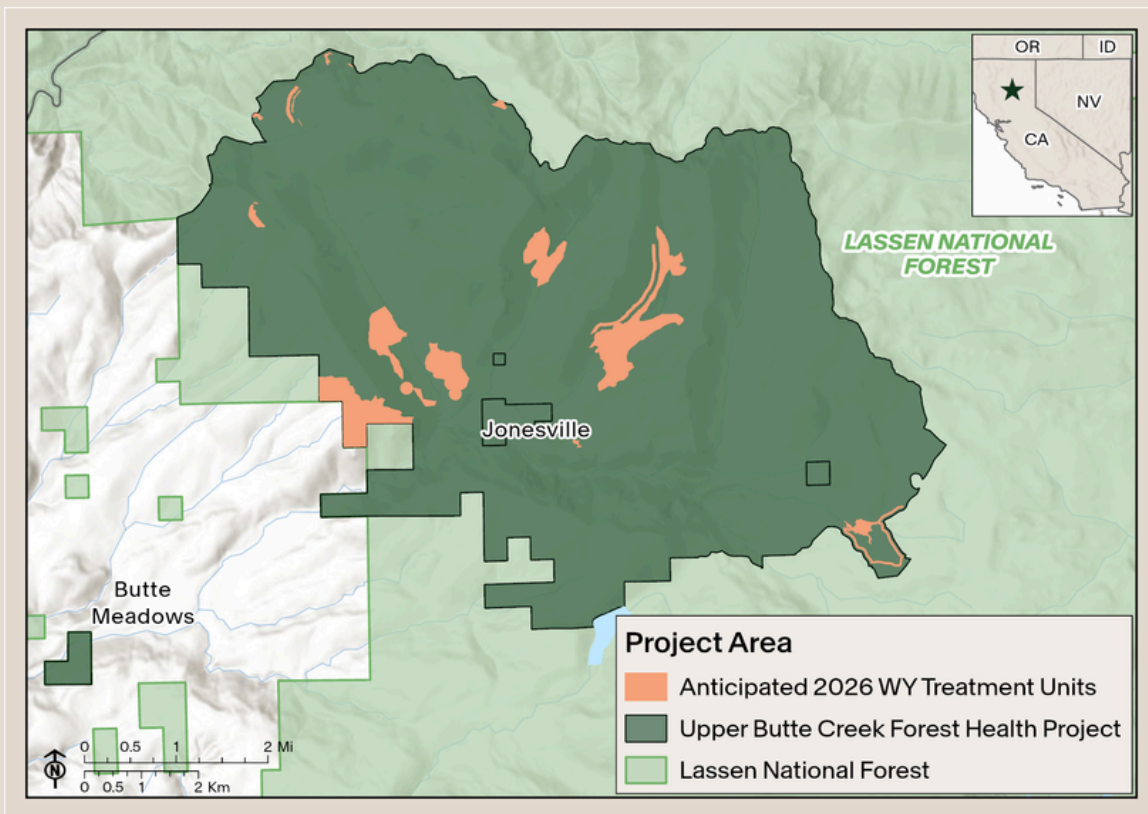
**** Anticipated 2026 water year treatment units are subject to change ****

**** Projected benefits have been provided in this report due to the early-stage nature of the pilots, but will not be included in future annual restoration reports ****

Projected 2026 Water Year Benefits: Upper Butte Creek I FRB

Over the next water year, the Upper Butte Creek I FRB is anticipated to support the treatment of 890 acres through a series of activities, including mastication, hand thinning, pile, pile burn, underburn, meadow restoration, and 2.15 miles of road realignment. Predicted benefits from these treatments are included in the table below.

| | |
|--------------------------|-----------------|
| Water Volume | 191.4 acre-feet |
| Flame Length Reduction | 66% |
| Rate of Spread Reduction | 69% |



**** Anticipated 2026 water year treatment units are subject to change ****

**** Projected benefits have been provided in this report due to the early-stage nature of the pilots, but will not be included in future annual restoration reports ****

In addition, the Upper Butte Creek I FRB is anticipated to support **direct benefits to fish habitat** through road realignment and meadow restoration activities. The restoration of Willow Creek Meadow stands to improve some of the Central Valley spring-run Chinook salmon (CVCS) vital habitat by reducing fine sediment loading that can adversely impact CVCS redd and by decreasing or maintaining stream temperature. CVCS were once common in all major Central Valley river systems but are now only found in Mill, Deer, and Butte creeks, with Butte Creek being the origin of over two-thirds of the remaining population. Loss and degradation of spawning habitat have driven the decline of this once robust population.

Multiple Benefits

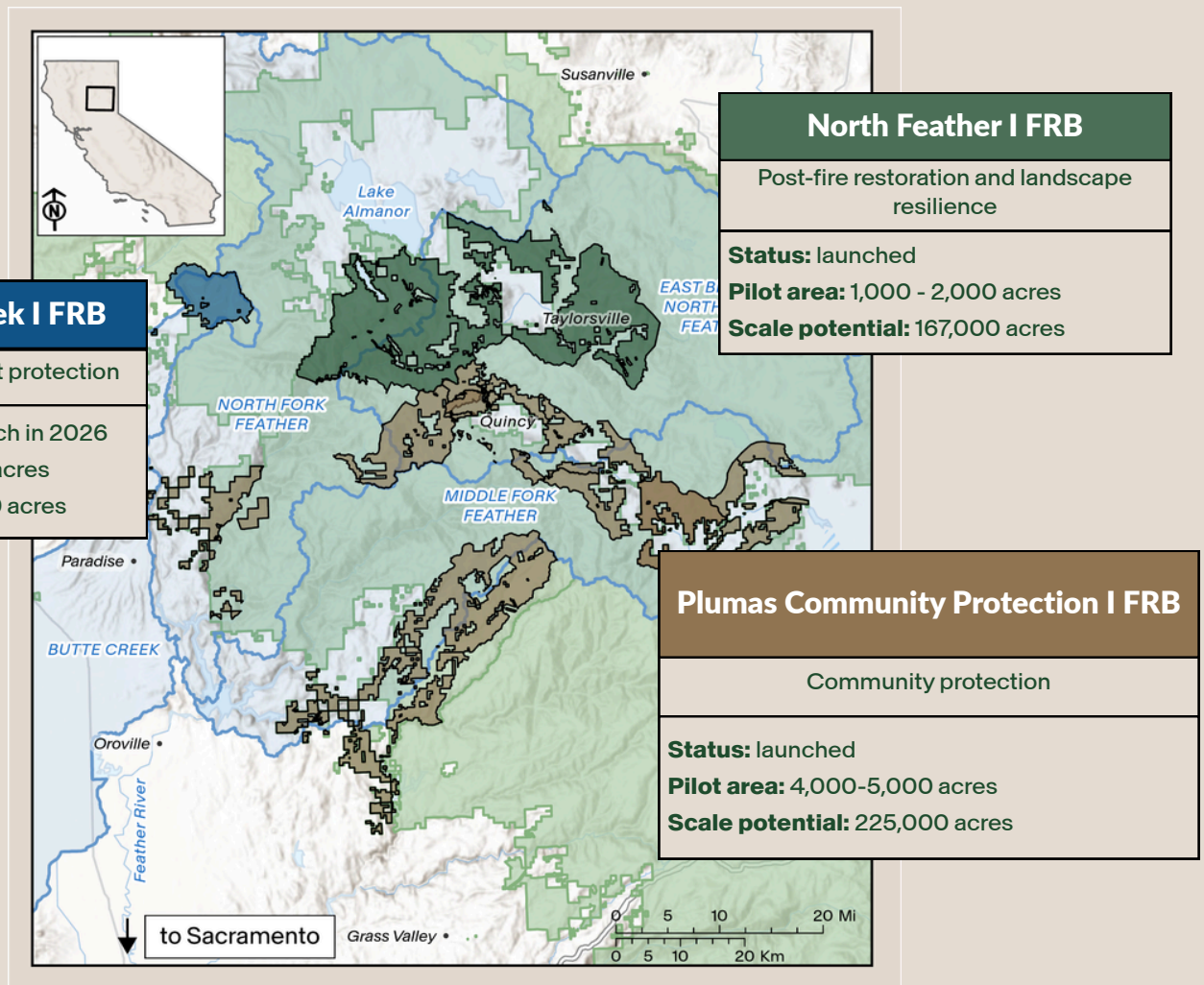
Beyond the modeled benefits described above, numerous benefits are anticipated from the planned treatment activities across the 3 FRBs, including:

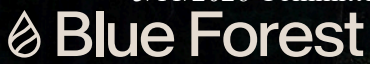
- **Reduced risk of high-intensity catastrophic wildfire** by reducing tree density and fuel load in strategic areas of the landscape
- **Reduced risk of wildfire damage** to electricity, water infrastructure, and communities
- **Improved forest and watershed resilience** to climate stressors such as drought and heat
- **Protected forest carbon stocks** by reducing the risk of large carbon emission events associated with catastrophic wildfires
- **Strengthened regional forest restoration capacity and workforce** by engaging in place-based and regional partnerships, supporting local jobs, and stimulating the local restoration-based economy.
- **Wildlife habitat improvement and protection**, particularly forest ecosystems, aquatic ecosystems, and meadow and aspen stands, and protected activity centers for the California spotted owl

Forest Resilience Bond Pilot Projects

The source watersheds of Northern California, including the Feather River and the Butte Creek watersheds, have been disproportionately impacted by catastrophic wildfires, with over 1.3 million acres burned since 2018 across the Feather River watershed alone.

Ecological restoration work in the region is supported through **three pilot initiatives** - the North Feather I Forest Resilience Bond (FRB), Plumas Community Protection I FRB, and Upper Butte Creek I FRB. The two overarching goals of these pilots are to **reduce wildfire risk and improve watershed health** - work that includes activities like forest thinning, removal of dead fuels, meadow restoration, and aspen improvement and is essential both for safeguarding the natural resources of the northern Sierra Nevada and protecting the local communities that care for these lands.



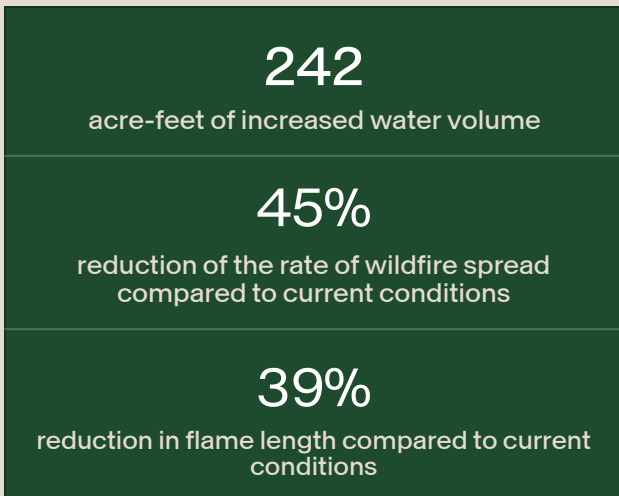


North Feather I Forest Resilience Bond

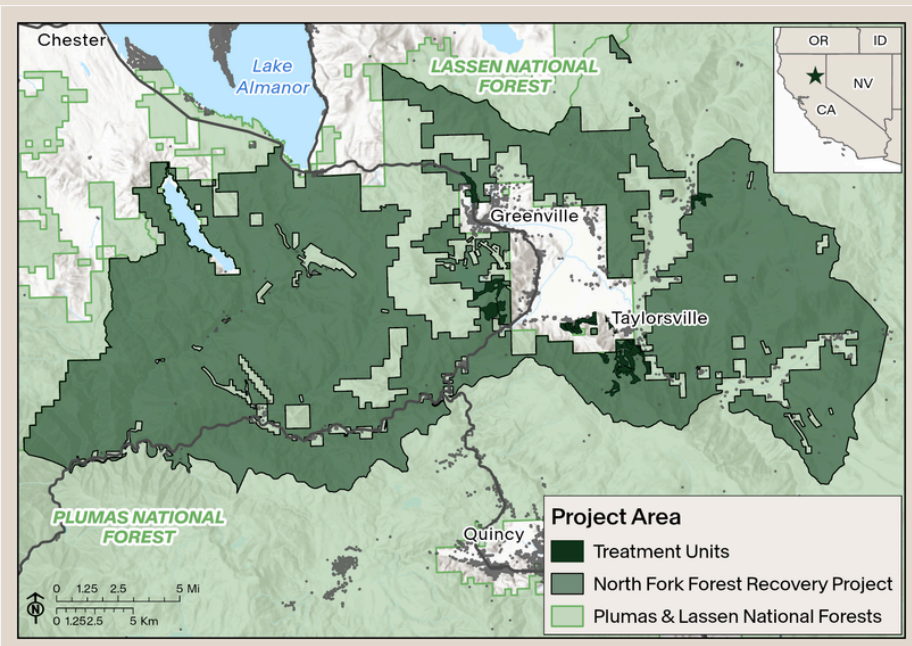
The Plumas National Forest and surrounding communities are at extreme risk of catastrophic wildfire due to overgrown vegetation and lingering dead fuels. The North Feather I FRB finances forest restoration on the Plumas National Forest and adjacent private lands through a combination of fuels removal and thinning. This effort accelerates the post-Dixie Fire recovery, improving safety for nearby communities and protecting the Feather River Watershed, which **provides water to approximately 27 million Californians, or nearly 1 in 12 Americans.**

As lead on-the-ground partner, Sierra Institute is coordinating implementation of **1,000 - 2,000 acres of priority fuel reduction, prescribed fire, vegetation management, and reforestation within the project area.** These treatment areas are occurring on private lands or fall within a broader, almost 167,000-acre, North Fork Forest Recovery Project (NFFRP) area developed by the USDA Forest Service to strategically enhance landscape resilience, restore ecological function, protect critical resources, and support ecosystem recovery.

Forecasted Ecosystem and Community Benefits from the Pilot Project*



*2025-2026 Water Year (Oct 1st-Sept 30th)



The FRB is represented by the Treatment Units

Partners



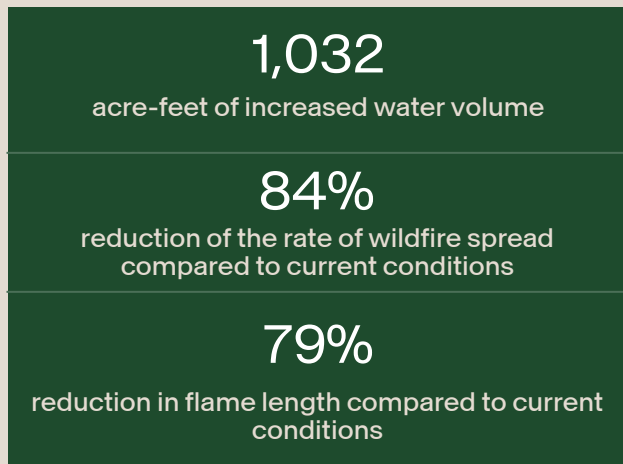


Plumas Community Protection I Forest Resilience Bond

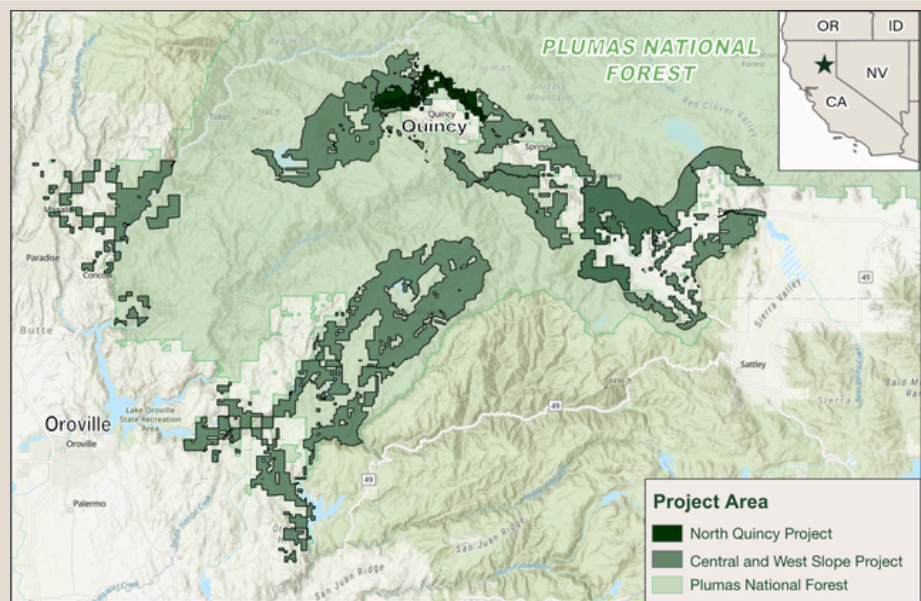
The Plumas Community Protection I Forest Resilience Bond (FRB) is a forest management project on the Plumas National Forest near the town of Quincy, one of the few remaining green areas in a landscape that has widespread burn scars. This FRB supports critical vegetation management activities in the Feather River watershed with the goal of increasing forest and watershed resilience, limiting the intensity and spread of wildfire, and increasing safety for nearby communities.

As lead on-the-ground partner, the National Forest Foundation is coordinating implementation of **approximately 4,000-5,000 acres of priority fuel reduction, prescribed fire, and vegetation management within the project area.** These treatment acres fall within a broader, 225,000-acre Community Protection project area, which includes both the North Quincy Project and Central and West Slope Project, developed by the USDA Forest Service to enhance landscape resilience and community protection in the wildland-urban interface (WUI).

Forecasted Ecosystem and Community Benefits from the Pilot Project*



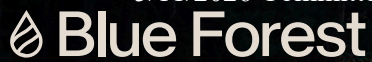
*2025-2026 Water Year (Oct 1st-Sept 30th)



The FRB is represented by the North Quincy Project and a portion of the Central and West Slope Project

Partners



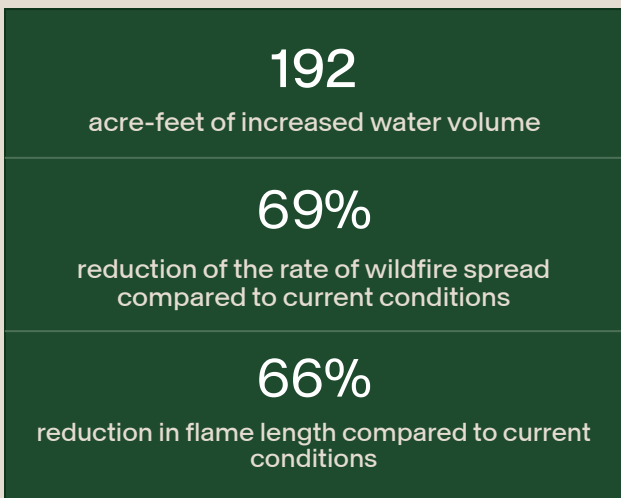


Upper Butte Creek I Forest Resilience Bond

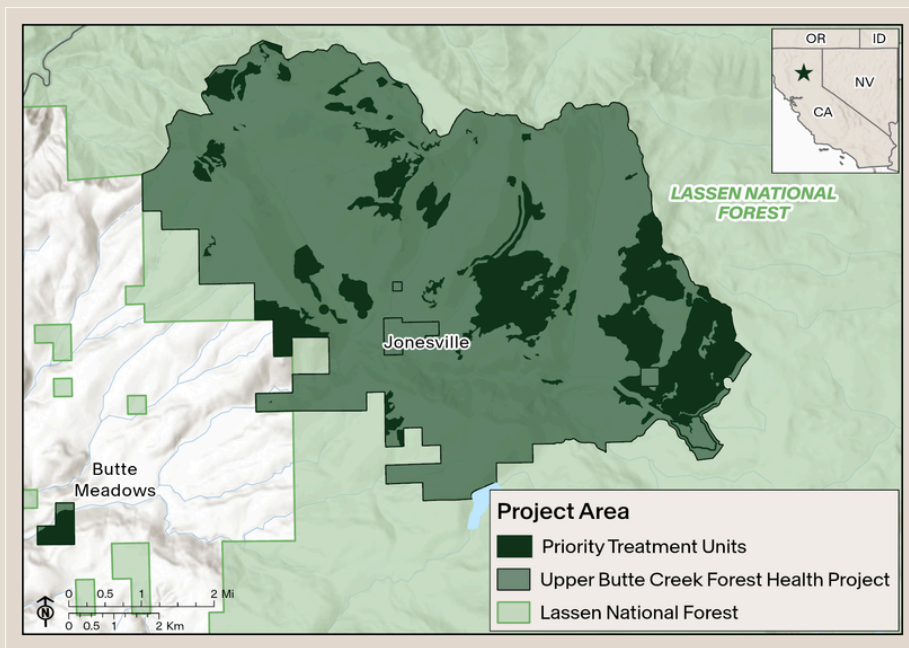
The Upper Butte Creek I Forest Resilience Bond (FRB) is supporting forest restoration work on the Lassen National Forest within the Butte Creek Watershed. This effort accelerates post-Dixie Fire recovery as well as protects the Butte Creek watershed from future catastrophic wildfire, which will protect water supply in the headwaters for surrounding communities, increase community and ecosystem resilience, protect and support biodiversity in the area, and support recreation.

As the lead on-the-ground partner, Butte County Resource Conservation District is coordinating implementation of **1,000-1,500 acres of critical meadow restoration, road decommissioning, and forest health treatments within the project area**. These treatment areas fall within the broader 20,000-acre Upper Butte Creek Forest Health Project area developed by the USDA Forest Service to reduce wildfire risk and protect nearby communities, watersheds, and Chinook salmon habitat.

Forecasted Ecosystem and Community Benefits from the Pilot Project*



*2025-2026 Water Year (Oct 1st-Sept 30th)



The FRB is represented by the Priority Treatment Units

Partners



The Forest Resilience Bond

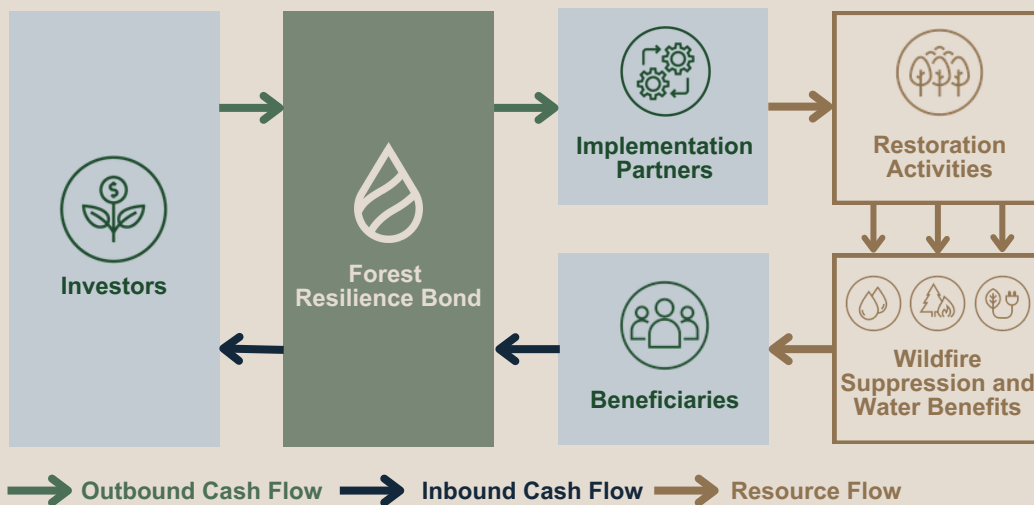
Investing in Forest Health and Ecosystem Resilience

Blue Forest is a conservation finance non-profit focused on advancing forest restoration through scientific research, financial innovation, and collaborative partnerships. In 2018, Blue Forest launched the first Forest Resilience Bond (FRB) in partnership with World Resources Institute, which aims to support planned forest management projects on private and public lands to reduce the risk of catastrophic wildfires, protect watersheds, and safeguard communities.

The Forest Resilience Bond is a conservation finance model specifically designed to (1) create new revenue streams to fund ecosystem restoration and (2) finance upfront project costs.

How it works

The FRB is a public-private partnership that leverages modeled benefits to attract non-traditional funding to restoration projects. It uses private capital to ease cash flow constraints for organizations implementing restoration projects and allows multiple groups to share the costs of ecosystem restoration.



The Benefits of Employing an FRB

1. **Closes funding gaps** by leveraging public and private funding to increase the scale of restoration
2. **Unlocks financing** to lower project costs and enable rapid project implementation but flexible funding timelines
3. **Promotes collaboration** by building partnerships and enabling cost-sharing amongst public and private entities that benefit from project activities
4. **Communicates impact** by quantifying ecological, social, and economic impacts of restoration work
5. **Supports local jobs and economies**

