



April 26, 2023

SENT VIA EMAIL

(WIFIA@epa.gov; jernberg.jorianne@epa.gov)

Jorianne Jernberg
Director, WIFIA Management Division
U.S. Environmental Protection Agency
WIFIA Program
Office of Water, Office of Wastewater Management
1200 Pennsylvania Avenue, NW (Mailcode 4201T)
Washington, DC 20460

RE: Updates Regarding the Pacheco Dam Project

Dear Ms. Jernberg:

This letter is written on behalf of the Stop the Pacheco Dam Project Coalition, Sierra Club California, Sierra Club Loma Prieta Chapter, and Friends of the River. Our groups do not believe the EPA should help fund the Santa Clara Valley Water District's ("Valley Water") proposed Pacheco Reservoir Expansion Project ("Pacheco Dam" or "project"). Our group is working to protect the environment, as well as working ranchlands, from the wasteful and high-risk Pacheco Dam. In addition, we are concerned about the irreversible environmental damage that a new Pacheco Dam would create and the extensive cost that local ratepayers would shoulder. The purpose of this letter is to inform the EPA of new information regarding the project and to request that the EPA postpone its decision regarding the project's WIFIA funding.

EPA Previously Stated That It Was Waiting for Valley Water to Make a Decision at Its March 16, 2023, Meeting to Determine the Future Fate of the WIFIA Funding

On February 23, 2023, the EPA held a press conference at the Anderson Dam to commemorate the WIFIA program's 99th and 100th loans.¹ These WIFIA loans were provided to Valley Water for the Anderson Dam Seismic Retrofit Project and the Safe,

¹ EPA's press release can be accessed at: <https://www.epa.gov/newsreleases/epa-announces-100th-wifia-loan-investing-115-million-improve-resilience-extreme>

Clean, and Natural Flood Protection Programs. The Pacheco Dam was not mentioned during this meeting. In a news article, reporter Paul Rogers asked Valley Water CEO Rick Callender about the status of WIFIA funding for the new Pacheco Dam. Mr. Callender stated that the EPA had not denied funding for Pacheco outright. Instead, the EPA delayed a decision until after March 16, 2023, when the Valley Water Board was scheduled to vote on whether to move forward with the project by directing staff to continue working towards 60 percent design completion.²

On March 16, 2023, Valley Water held its Special Board Meeting.³ The purpose of the meeting was to allow staff to provide updated information regarding the Pacheco Dam milestones, schedule future meetings to discuss the project further once it reaches a 60 percent design level, and allow the Board to provide direction to staff.

At the March 16, 2023, meeting, Board members and staff discussed the continued feasibility of the project, funds already expended, and when there would be an opportunity to decide whether or not to continue with the project.⁴ To date, Valley Water has spent more than \$60 million on planning for the Pacheco Dam, but those efforts have failed to produce a usable environmental document.

Additionally, the Board discussed concerns regarding the probability of obtaining future partnerships. In 2018, the Valley Water Board directed staff to assume that the Pacheco Dam would have at least 35 percent funding partnerships.⁵ The assumption would mean that other agencies would pay 35 percent of the project cost. Subsequently, all Valley Water budget publications and planning documents include this 35 percent assumption. This assumption results in an underestimated impact to ratepayers.

The lack of partners for the new Pacheco Dam is becoming an increasingly important factor due to the project's escalating costs. In the past, there has been a lack of transparency about the project's actual cost. For example, Valley Water's public

² Paul Roger's full article can be accessed at:
<https://www.mercurynews.com/2023/02/22/anderson-dam-retrofit-project-receives-big-federal-loan-troubled-pacheco-dam-project-remains-in-limbo/>

³ The agenda and video recording can be accessed at:
<https://scvwd.legistar.com/MeetingDetail.aspx?ID=1079353&GUID=DC7C0442-E14B-4018-830A-B9463F36F352&Options=info|&Search=>

⁴ See generally the March 16, 2023 video recording.

⁵ Discussion of the previous decision regarding the 35 percent partnership begins at 1:54:55, and can be accessed at:
https://scvwd.granicus.com/MediaPlayer.php?view_id=3&clip_id=2078

documents only provided capital costs and assumed that project partners would pay 35 percent of project costs.⁶ Valley Water’s use of the 35 percent partnership assumption results in underreporting projected water rate increases related to the project.

At the March 16, 2023, meeting, Valley Water staff finally provided the project’s estimated cost and new information regarding the impact on ratepayers. (Exhibit 1, March 16, 2023, Valley Water’s Board of Directors Special Meeting, Agenda Packet [“Agenda Packet”].) This presentation showed that the Pacheco Dam would cost \$6 billion and raise household water rates by \$9 – 25 a month for roughly 40 years. (Exhibit 1, Agenda Packet, pdf. p. 17, and Attachment 1, p. 22 [pdf. p. 43].) This forecasted increase would continue exacerbating Santa Clara County’s high cost of living. A recent analysis showed that Santa Clara County residents already pay the highest total monthly bills in the United States, and tens of thousands of residents are already delinquent on their water bills. (Exhibit 2, Dr. Jeffrey Michael, *Valley Water CIP Understates and Obscures Ratepayers Impacts of Pacheco Dam* (Feb. 21, 2023).)

During the March 16, 2023, meeting, multiple directors inquired about the 35 percent partnership assumption for the project. In response, Director Estremera provided clarification about the origins of that assumption. He stated, “I made the motion with respect to the 35 percent participation, at least the Board at the time felt that if we did not have partners, we would not do this, we just would not do this project and so having said that to the public, we wanted to make sure that all of our assumptions included that proviso.”⁷ To date, however, not a single agency has formally agreed to provide funding for the project. There is no indication that Valley Water is likely to obtain any partnership funding, much less 35 percent. This new public information shows an increased possibility that Valley Water could abandon the project, a possibility that Valley Water had not previously discussed publicly.

Ultimately, the March 16, 2023, meeting did not provide any clear direction regarding Pacheco Dam’s future. From the meeting discourse, it appears that support for the project has dwindled. Board members raised numerous questions about the project’s long-term viability and, for the first time, raised the idea of abandoning the project. Therefore, due to internal disagreements and lack of resolve, we request that EPA continue withholding WIFIA funding for Pacheco Dam.

⁶ The 35 percent assumption is discussed in further detail in the section titled, “The Project Has Failed to Obtain Financing Partnerships.”

⁷ Director Estremera clarification begins at 1:55:00 in the video, and the recording can be accessed at:

https://scvwd.granicus.com/MediaPlayer.php?view_id=3&clip_id=2078

California Water Commission Has Signaled It May Start Reevaluating Proposition 1 Funding

Other sources of funding for the controversial Pacheco Dam are also in question. Valley Water is relying on several different funding sources to help cover the cost of a new Pacheco Dam. In addition to the WIFIA funding, Valley Water was approved for California's Proposition 1 funding. Proposition 1 authorized more than \$2.7 billion in bonds for the Water Storage Investment Program ("WSIP")⁸ to be administered by the California Water Commission ("Commission").

The Commission provided Valley Water with a "maximum conditional eligibility determination of approximately \$500 million."⁹ The initial award was based on feasibility findings and timelines provided in 2018. Further, the original application avoided inundating parts of Henry Coe State Park. However, since its initial application, Valley Water has proposed locating a portion of the proposed reservoir within Henry Coe State Park, which in our view, conflicts with state law.

The timeline for completion of the Pacheco Dam has been subject to multiple extensions, and it is unclear whether the project can proceed at all. (Exhibit 3, November 1, 2021, DSOD Letter [In November 2021, the California Department of Water Resources' Department of Safety of Dams ("DSOD") determined that the hardfill dam design was infeasible.]) In its first update to the Commission in 2018, Valley Water stated that it would submit a final environmental impact report ("EIR") in November 2022 and a final environmental impact statement ("EIS") in December 2023.¹⁰ In its latest update, however, Valley Water stated that it would produce a recirculated draft EIR/EIS for public distribution around May 2025, multiple years after the final documents were scheduled to

⁸ Additional information regarding the WSIP program can be accessed at: <https://cwc.ca.gov/Water-Storage>

⁹ Information for the Pacheco Dam on the Commission's website can be accessed at: <https://cwc.ca.gov/Water-Storage/WSIP-Project-Review-Portal/All-Projects/Pacheco-Reservoir-Expansion-Project>

¹⁰ Valley Water's October 2018 update to the Commission can be accessed at: https://cwc.ca.gov/-/media/CWC-Website/Files/Projects/Pacheco-Reservoir-Expansion-Project/Quarterly-Reports/Pacheco_QR_10292018.pdf. Our Coalition also questions why the EPA would agree to be the lead agency under NEPA for this controversial and destructive new dam project.

be provided.¹¹ In addition, new information provided at a recent Commission meeting suggests that the project's setbacks could affect Valley Water's ability to ultimately obtain the WSIP funding.

Agenda item 9 of the Commission's March 15, 2023 meeting included an update on the progress of the WSIP projects.¹² During the Commission's discussion of the item, several commissioners requested clarification about taking action if a WSIP project is not progressing satisfactorily. The Commission verified that it is authorized to request project proponents provide project updates.¹³ Further, the Commission can provide internal deadlines to project proponents requiring reports regarding timing and progress. Commission counsel clarified that the Commission could decide at a regularly scheduled meeting that a project is not appropriately progressing toward completion and make additional recommendations or determinations. During its April 19, 2023, Commission meeting, Commissioner Steiner requested that Valley Water attend a future meeting to provide project updates, explain the project's lack of progress, and provide information regarding the 35 percent partnership assumption.

This information is also important for the WIFIA program's potential funding of the Pacheco Dam because the project's funding sources could be impacted by more than half a billion dollars. (Exhibit 4, April 2022 SCVWD Water Reliability Program WIFIA Loan Application attachment C.1 Water Reliability Program Sources and Uses, p. 1 of 3.) A lack of WSIP funding and increases in project costs could result in Valley Water requesting additional funding from the WIFIA program.

Conclusion

Valley Water's new Pacheco Dam project continues to be plagued by setbacks affecting funding sources and overall project feasibility. Despite Valley Water's extensive planning efforts, including 17 full-time employees and the expenditure of more than \$60 million, this work has failed to produce meaningful progress. Therefore, at this time, making a WIFIA loan determination for an inchoate project burdened by delays would be premature. Additionally, because the Pacheco Dam is likely infeasible, we request that

¹¹ Valley Water's January 2023 update to the Commission can be accessed at: https://cwc.ca.gov/-/media/CWC-Website/Files/Projects/Pacheco-Reservoir-Expansion-Project/Quarterly-Reports/Pacheco_QR_01302023.pdf

¹² The meeting agenda can be accessed at: <https://cwc.ca.gov/Meetings/All-Meetings/2023/Meeting-of-the-California-Water-Commission-Mar-15-2023>

¹³ The video recording can be found at: <https://www.water-ca.com/archives.html>. The relevant discussion occurs between 1:22:00 and 1:53:20.


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United States Environmental Protection Agency
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the EPA continue to postpone its WIFIA funding determination for the Pacheco Dam or cancel the dam funding altogether. Instead, the WIFIA program's limited financing should be allocated to shovel-ready projects that more responsibly address the water challenges of this country.


Thank you for considering this information, and please feel free to contact me (osha@semlawyers.com, 916-455-7300) with any questions.

Very truly yours,

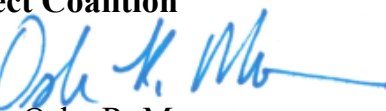
Sierra Club Loma Prieta Chapter

By: 
Katja Irvin, AICP
Conservation Committee

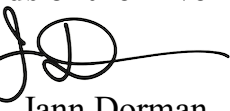
Sierra Club California

By: 
Molly Culton
Senior Conservation and
Digital Organizer

**Stop the Pacheco Dam
Project Coalition**

By: 
Osha R. Meserve

Friends of the River

By: 
Jann Dorman
Executive Director

Attachments:

Exhibit 1, March 16, 2023, Valley Water's Board of Directors Special Meeting,
Agenda Packet

Exhibit 2, February 21, 2023, report prepared by Dr. Jeffrey Michael titled, "Valley
Water CIP Understates and Obscures Ratepayer Impacts of Pacheco Dam"

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United States Environmental Protection Agency
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Exhibit 3, November 1, 2021, DSOD Letter
Exhibit 4, April 2022, SCVWD Water Reliability Program WIFIA Loan Application,
attachment C.1 Water Reliability Program Sources and Uses

cc (sent via email):

Karen Fligger, EPA Senior Program Manager, WIFIA Program
(fligger.karen@epa.gov)

Martha Guzman, Regional Administrator Region 9
(guzman.martha@epa.gov)

Deborah Jordan, Deputy Regional Administrator Region 9
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(torres.tomas@epa.gov)

Jean Prijatel, Manager Environmental Review Branch Region 9
(prijatel.jean@epa.gov)

Stephanie Gordon, NEPA Reviewer, Natural Resources, Water, Fisheries Region 9
(gordon.stephanies@epa.gov)

EXHIBIT 1



Santa Clara Valley Water District Board of Directors Meeting

HQ. Bldg. Boardroom, 5700 Almaden Expressway, San Jose, California
Join Zoom Meeting: <https://valleywater.zoom.us/j/84454515597>

CLOSED SESSION AND SPECIAL BOARD MEETING PACHECO RESERVOIR EXPANSION PROJECT AGENDA

Thursday, March 16, 2023
10:00 AM

District Mission: Provide Silicon Valley safe, clean water for a healthy life, environment and economy.

DISTRICT BOARD OF DIRECTORS
John L. Varela, Chair - District 1
Barbara Keegan, Vice Chair - District 2
Richard P. Santos - District 3
Jim Beall - District 4
Nai Hsueh - District 5
Tony Estremera - District 6
Rebecca Eisenberg - District 7

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body, will be available to the public through the legislative body agenda web page at the same time that the public records are distributed or made available to the legislative body. Santa Clara Valley Water District will make reasonable efforts to accommodate persons with disabilities wishing to participate in the legislative body's meeting. Please advise the Clerk of the Board Office of any special needs by calling (408) 265-2600.

RICK L. CALLENDER, ESQ.
Chief Executive Officer

MICHELE L KING, CMC
Clerk of the Board
(408) 265-2600
Fax (408) 266-0271
www.valleywater.org

Note: The finalized Board Agenda, exception items and supplemental items will be posted prior to the meeting in accordance with the Brown Act.

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Santa Clara Valley Water District
Board of Directors
CLOSED SESSION AND SPECIAL BOARD MEETING
AGENDA

Thursday, March 16, 2023

10:00 AM

HQ. Bldg. Boardroom, 5700 Almaden
Expressway, San Jose, California
Join Zoom Meeting:

<https://valleywater.zoom.us/j/84454515597>

*****IMPORTANT NOTICES AND PARTICIPATION INSTRUCTIONS*****

Santa Clara Valley Water District (Valley Water) Board of Directors/Board Committee meetings are held as a “hybrid” meetings, conducted in-person as well as by telecommunication, and is compliant with the provisions of the Ralph M. Brown Act.

To maximize public safety while still maintaining transparency and public access, members of the public have an option to participate by teleconference/video conference or attend in-person. To observe and participate in the meeting by teleconference/video conference, please see the meeting link located at the top of the agenda. If attending in-person, you are required to comply with Ordinance 22-03 - AN ORDINANCE OF THE SANTA CLARA VALLEY WATER DISTRICT SPECIFYING RULES OF DECORUM FOR PARTICIPATION IN BOARD AND COMMITTEE MEETINGS located at <https://s3.us-west-2.amazonaws.com/valleywater.org.if-us-west-2/f2-live/s3fs-public/Ord.pdf>

In accordance with the requirements of Gov. Code Section 54954.3(a), members of the public wishing to address the Board/Committee at a video conferenced meeting, during public comment or on any item listed on the agenda, should use the “Raise Hand” tool located in the Zoom meeting link listed on the agenda, at the time the item is called. Speakers will be acknowledged by the Board Chair in the order requests are received and granted speaking access to address the Board.

- Members of the Public may test their connection to Zoom Meetings at: <https://zoom.us/test>
- Members of the Public are encouraged to review our overview on joining Valley Water Board Meetings at: <https://www.youtube.com/watch?v=TojJpYCxXm0>

Valley Water, in complying with the Americans with Disabilities Act (ADA), requests individuals who require special accommodations to access and/or participate in Valley Water Board of Directors/Board Committee meetings to please contact the Clerk of the Board’s office at (408) 630-2711, at least 3 business days before the scheduled meeting to ensure that Valley Water may assist you.

This agenda has been prepared as required by the applicable laws of the State of California, including but not limited to, Government Code Sections 54950 et. seq. and has not been prepared with a view to informing an investment decision in any of Valley Water's bonds, notes or other obligations. Any projections, plans or other forward-looking statements included in the information in this agenda are subject to a variety of uncertainties that could cause any actual plans or results to differ materially from any such statement. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of Valley Water's bonds, notes or other obligations and investors and potential investors should rely only on information filed by Valley Water on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures and Valley Water's Investor Relations website, maintained on the World Wide Web at <https://emma.msrb.org/> and <https://www.valleywater.org/how-we-operate/financebudget/investor-relations>, respectively.

Under the Brown Act, members of the public are not required to provide identifying information in order to attend public meetings. Through the link below, the Zoom webinar program requests entry of a name and email address, and Valley Water is unable to modify this requirement. Members of the public not wishing to provide such identifying information are encouraged to enter "Anonymous" or some other reference under name and to enter a fictional email address (e.g., attendee@valleywater.org) in lieu of their actual address. Inputting such values will not impact your ability to access the meeting through Zoom.

Join Zoom Meeting:

<https://valleywater.zoom.us/j/84454515597>

Meeting ID: 844 5451 5597

Join by Phone:

1 (669) 900-9128, 84454515597#

1. CALL TO ORDER:

1.1. Roll Call.

2. TIME CERTAIN:

10:00 AM

Notice to the Public: The Board of Directors meets in Closed Session in accordance with the Ralph M. Brown Act. Following the conclusion of Closed Session discussion, the Board will return for the remaining items on the regular meeting agenda.

- 2.1. CLOSED SESSION [23-0324](#)
CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
Significant Exposure to Litigation
Pursuant to Government Code Section 54956.9(d)(2)
One Potential Case

11:00 AM

- 2.2 District Counsel Report on Closed Session.

- 2.3 Pledge of Allegiance/National Anthem.

- 2.4. Time Open for Public Comment on any Item not on the Agenda.

Notice to the public: Members of the public who wish to address the Board on any item not listed on the agenda should access the "Raise Hand" tool located in Zoom meeting link listed on the agenda. Speakers will be acknowledged by the Board Chair in order requests are received and granted speaking access to address the Board. Speakers comments should be limited to three minutes or as set by the Chair. The law does not permit Board action on, or extended discussion of, any item not on the agenda except under special circumstances. If Board action is requested, the matter may be placed on a future agenda. All comments that require a response will be referred to staff for a reply in writing. The Board may take action on any item of business appearing on the posted agenda.

- *2.5. Receive Information on Water Supply Strategy, Water Supply Master Plan Update, and Work Study Session on the Pacheco Reservoir Expansion Milestone Review, Project No. 91954002 (District 1, Merced County). [23-0109](#)

- Recommendation:
- A. Receive information on Board Adopted water supply strategy, Water Supply Master Plan update, and decision framework for future water supply projects;
 - B. Receive information on the Work Study Session on the Pacheco Reservoir Expansion Milestone Review, Project No. 91954002 (Santa Clara County - District 1, Merced County);
 - C. Schedule a future Work Study Session on Water Supply Master Plan Portfolio when Pacheco Reservoir Expansion Project reaches 60% level design; and
 - D. Provide direction to staff.

Manager: Christopher Hakes, 408-630-3796

Attachments: [Attachment 1: PowerPoint](#)
[Handout 2.4-A: Huenemann](#)
[Handout 2.4-B: Perricelli](#)
[Handout 2.4-C: Whitfield](#)
[Handout 2.4-D: Sletteland](#)
[Handout 2.4-E: Rogers](#)
[Handout 2.4-F: Freedom](#)
[*Handout 2.4-G: Smith](#)
[*Handout 2.4-H: Sierra Club](#)
[*Handout 2.4-I: Stop Pacheco](#)
[*Handout 2.4-J: Stepanova](#)
[*Handout 2.4-K: Trades Council](#)
[*Handout 2.4-L: Kishler](#)
[*Handout 2.4-M: Giberson](#)

Est. Staff Time: 50 Minutes

3. DISTRICT COUNSEL:

Notice to the Public: The Board of Directors meets in Closed Session in accordance with the Ralph M. Brown Act. Following the conclusion of Closed Session discussion, the Board will return for the remaining items on the regular meeting agenda.

- 3.1. CLOSED SESSION [23-0281](#)
CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Stop the Pacheco Dam Project Coalition v. Santa Clara Valley Water District (Santa Clara Co. Superior Court, Case No. 22CV399384)

3.2. District Counsel Report on Closed Session.

4. ADJOURN:

4.1. Clerk Review and Clarification of Board Requests.

4.2. Adjourn to Closed Session and Regular Meeting at 11:00 a.m., on March 28, 2023.

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Santa Clara Valley Water District

File No.: 23-0324

Agenda Date: 3/16/2023
Item No.: 2.1.

NON-EXHIBIT/CLOSED SESSION ITEM

SUBJECT:

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Significant Exposure to Litigation

Pursuant to Government Code Section 54956.9(d)(2)

One Potential Case

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Santa Clara Valley Water District

File No.: 23-0109

Agenda Date: 3/16/2023

Item No.: *2.5.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes No
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Receive Information on Water Supply Strategy, Water Supply Master Plan Update, and Work Study Session on the Pacheco Reservoir Expansion Milestone Review, Project No. 91954002 (District 1, Merced County).

RECOMMENDATION:

- A. Receive information on Board Adopted water supply strategy, Water Supply Master Plan update, and decision framework for future water supply projects;
- B. Receive information on the Work Study Session on the Pacheco Reservoir Expansion Milestone Review, Project No. 91954002 (Santa Clara County - District 1, Merced County);
- C. Schedule a future Work Study Session on Water Supply Master Plan Portfolio when Pacheco Reservoir Expansion Project reaches 60% level design; and
- D. Provide direction to staff.

SUMMARY:

The presentation on this item is comprised of four sections: 1) Water Supply Master Plan; 2) Pacheco Reservoir Expansion Project Background and Benefits; 3) Pacheco Reservoir Expansion Project Cost and Financing; and 4) Pacheco Reservoir Expansion Project Milestones. After each section, there will be an opportunity to ask questions.

Santa Clara Valley Water District's (Valley Water) long-range water supply planning is to evaluate its future needs and develop investment strategies to ensure water supply reliability for Santa Clara County (County). The Water Supply Master Plan 2040 (WSMP), adopted by the Valley Water Board of Directors (Board) in 2019, is the most recent plan from the planning process. As part of the WSMP, the Board established Valley Water's Level of Service (LOS) goal "to develop water supplies to meet 100 percent of annual water demand during non-drought years and at least 80 percent demand in drought years." This goal was established based on a community survey and cost/benefit analysis and balances the need to provide sufficient water for the County, while minimizing overall costs.

To ensure Valley Water achieves its level of service goal, the WSMP recommends a three-pronged strategy and a portfolio of projects to be invested through 2040 to meet future County-wide demand:

- 1) Secure existing supplies and infrastructure. This includes securing local water rights, pipeline maintenance, dam retrofits, treatment plant improvements and other projects to maintain the existing water utility system, as well as actions to secure existing imported water supplies.
- 2) Expand water conservation and reuse. This involves expanding the use of drought-resilient supplies and conservation because they are going to be most reliable in the future under a changed climate. These generally are local supplies, not dependent on rain, and are reliable during droughts.
- 3) Optimize the use of the existing water utility system to increase operational flexibility. In some years, supplies exceed demands. Additional facilities would increase our flexibility to use or store these excess supplies and therefore Valley Water's ability to respond to outages or operate the system during challenges like droughts or water quality problems.

These three elements together provide a framework for a sustainable and reliable future water supply in our County and strike a balance between protecting what we have, investing for the future, and making the most of the existing water supply system.

The Pacheco Reservoir Expansion Project (PREP) is one of the recommended projects that addresses strategy 3; to optimize the operation of the existing system and diversify storage. The main goal of this strategy is to maintain our storage capacity while improving when and how much water we can take or put into the various storage projects. If approved, the PREP will expand the storage capacity of the existing Pacheco Reservoir from 5,500 acre-feet (AF) to up to 140,000 AF to provide increased emergency water supplies, improved water quality, and ecosystem benefits. Project components include installation of a new dam on the North Fork of Pacheco Creek and associated appurtenances, including outlet works and spillway; installation of a new pipeline between the existing Pacheco Conduit and the new dam; decommissioning of the existing dam with creek restoration; a new pumping plant; new power supply and other appurtenances; and improved site access.

In addition to the PREP, Valley Water is also pursuing a number of other partnerships related to storage including the Los Vaqueros Reservoir Expansion Project, groundwater banking, Sites Reservoir, and the Sisk Dam Raise project. Given the uncertainties and varied benefits and costs of these projects, evaluating them using consistent criteria as part of the WSMP will assist the Board in making investment decisions to ensure a sustainable supply of clean safe water for the community in the face of climate change.

Valley Water follows a roughly 5-year cycle for its WSMP update and is currently embarking on a 2-year process to complete the next WSMP update by the end of 2024. The update will involve a comprehensive assessment of future demand and supply for the next 30 years and development of water supply portfolios for continued planning and/or investment. The water supply projects, including PREP and other storage projects, will be evaluated as part of this process. The WSMP update provides an opportunity to evaluate and compare the water supply benefits, costs, and other benefits

of these projects to help inform the Board on investment decisions. It is anticipated that WSMP framework development will occur in calendar year 2023.

The remainder of this report provides the requested background and project status update of the PREP.

Project Background - Water Storage Investment Program

Proposition 1, passed by voters in 2014, dedicated \$2.7 billion for investments in California water storage projects. The California Water Commission is administering the Water Storage Investment Program (WSIP) to fund the public benefits associated with these projects.

On July 25, 2017, the Valley Water Board adopted Resolution 17-51 authorizing actions related to the Proposition 1 Funding Application to the California Water Commission (CWC) for Water Storage Investment Program (WSIP) funding for the Project.

On August 14, 2017, Valley Water staff submitted a Proposition 1 Funding Application for the PREP to the California Water Commission (CWC) for a WSIP grant.

On July 24, 2018, the CWC approved the PREP for a Maximum Conditional Eligibility Determination (MCED) for funding up to \$484.55 million, which included an early funding award of \$24.2 million to support planning and environmental permitting efforts. The Early Funding Agreement was executed in December 2018 and the CWC has contributed \$20.3 million to date through cost sharing with Valley Water. The Early Funding Agreement has been amended to extend the term to complete the scope of work by December 31, 2023. Valley Water is responsible to perform the planning and environmental permitting work described in the Early Funding Agreement, and if found to be in default, could be required to repay the funding.

Each WSIP project that the CWC approved for conditional funding was required to meet statutory requirements to remain eligible for the MCED prior to a January 1, 2022 deadline. The statutory requirements and the PREP actions to fulfill them are as follows:

1. All feasibility studies are complete - The PREP State Feasibility Report was submitted to CWC staff and received a recommendation for the CWC to determine the PREP as feasible.
2. Draft environmental documentation is available for public review - The Draft PREP Environmental Impact Report was released on November 17, 2021, with a 90-day public review period.
3. The Director of the Department of Water Resources (DWR) receives commitments for not less than 75 percent of the non-public benefit cost share of the project - On November 9, 2021, the Board adopted the RESOLUTION for WATER STORAGE INVESTMENT PROGRAM FUNDING COMMITMENT FOR THE PACHECO RESERVOIR EXPANSION PROJECT This Resolution (No. 21-91) was transmitted to the Director of DWR on November 10, 2021. The non-public sources of the funding may be from eligible Valley Water funding as well as any

partnership contributions as applicable.

On December 15, 2021, the CWC determined that the PREP is feasible and “can be technically and physically constructed and operated.” As such, the CWC determined the PREP continues to be eligible for the MCED which will require all federal, state, and local approvals, certifications, and agreements prior to executing a Final Funding Agreement.

In March 2022, the CWC increased the MCED to \$504.14 million for the PREP. Each of the other WSIP projects also received relative increases to redistribute available funds to account for inflation and increased project costs.

Staff is working with all the other WSIP funding recipients in negotiating terms and conditions of the Final Funding Agreement with the CWC and Contracts for Administration of Public Benefits. The PREP specific public benefits will be developed and negotiated with California Department of Fish and Wildlife (ecosystem benefits) as well as Department of Water Resources (emergency storage benefits) between 2023 and 2026. The Final Funding Agreement is anticipated to be brought to the CWC in 2027 when all conditions are met.

Project Benefits in the Face of Climate Extremes

The WSIP required applicants for public funding to analyze their proposed projects using climate and sea level conditions for California projected at years 2030 and 2070.

The period from 2000 to 2021 was the driest 22-year span since the late 1500s in the American Southwest. Scientists predict a more extreme trend toward megadrought as global warming continues. As the state continues to get hotter and drier, it will see, on average, less snowfall, increased evaporation, and greater consumption of water by vegetation, soil, and the atmosphere itself. Over the next 20 years, California could lose 10 percent of its water supplies to aridification.

During the 2021-2022 water year, California experienced torrential rain; a record-breaking, prolonged spring dry spell; a record-breaking fall heat wave; and its third year of drought. The multi-purpose, multi-objective PREP is envisioned to respond to these types of climate extremes. To best prepare for future climate changes, Valley Water has been pursuing a diversified water portfolio. Water supply projects like desalinization and water re-use provide for increased and consistent new water supply. Storage projects are also needed to ensure water can be captured during wet years for use during dry years. The PREP, with over 140 thousand acre-feet of storage will provide for emergency water during droughts as well as catastrophic system failures.

An expanded Pacheco Reservoir will also allow Valley Water to better utilize its State Water Project and Central Valley Project supplies, as well as provide for local storage when excess imported water is available for Valley Water to divert and store for later use. If Valley Water invests in the Delta Conveyance Project, the PREP would allow for local storage of the additional water supply the Delta Conveyance Project will provide for Valley Water.

Climate extremes also impact terrestrial and aquatic resources as prolonged droughts impact fish passage and habitat. The PREP will provide for regulated, consistent, and cool water to improve the

habitat for the federally threatened South Central Coast Steelhead in Pacheco Creek as well as other species. This will be accomplished by storing runoff water during high-rainfall periods and releasing it in a regulated fashion year-round when the creek would otherwise be dry.

The ability to store more water in the expanded reservoir during high-rainfall periods will also incidentally reduce peak flows and reduce flood damage along Pacheco Creek, in the San Felipe Lake (aka Soap Lake) area, a disadvantaged community, and for the U.S. Army Corps of Engineers' Pajaro River Project for the communities of Pajaro and Watsonville which are also both disadvantaged communities.

Project Status

In late 2021, the planning phase and 30% design were near completion and the PREP Draft Environmental Impact Report (DEIR) was released for public review. The DEIR included five alternatives and identified the preferred project alternative as a hardfill dam type located approximately one mile upstream of the existing North Fork Dam. Upon release of the DEIR, the Department of Water Resources Division of Safety of Dams (DSOD) rejected the hardfill dam type concept, due to limited performance history, and stated the earthfill dam type alternative included in the DEIR, remained a feasible option.

After receiving DSOD's request, staff and consultants completed a 30% design update in June 2022. Additionally, the revised alternatives analysis and staff-recommend project technical memoranda were completed in September and November 2022, respectively.

On January 10, 2023, staff presented the PREP Planning Study Report (PSR) to the Board, which marked the completion of the planning phase. The PSR identified the recommended project as the upstream, earthfill dam type, with a 140,000 AF capacity, located approximately one mile upstream of the existing dam.

The PREP's geotechnical investigations, environmental investigations, and analysis necessary to support the 60% design and environmental documents, are scheduled to be completed in late 2023. These investigations are necessary to advance the design of the dam and related improvements, which include the electrical transmission line and construction access improvements. The investigations will also aid in further assessing the environmental impacts and developing mitigation options, including the cultural resources.

After reviewing the DEIR comments and gathering additional project information, there is a need to further develop the impact analyses and mitigation on the electrical transmission line, construction access improvements, as well as complete tribal consultation. Staff proposes re-circulating the Draft PREP EIR to address these needs while combining it with the PREP Draft Environmental Impact Statement (EIS) that is needed to fulfill the National Environmental Policy Act (NEPA) requirements. This draft joint document has an anticipated release for public comment in mid-2025, followed by a final joint document to be certified by the Board in mid-2026.

PREP Cost

The latest PREP construction cost estimate was performed in April 2022 to include the latest project features and economic conditions at the time. This updated cost estimate was incorporated into the Final Planning Study Report (PSR) and the planning cycle for Valley Water's Capital Improvement Program (CIP) Fiscal Year (FY) 2024-28 Five-Year Plan. The PSR does not include all PREP costs such as complete project mitigation, design work, and pre-construction permitting efforts as noted in the PSR. However, the CIP includes all estimated PREP costs including inflation through the latest forecasted construction schedule.

The current preliminary cost for mitigation is estimated at \$50 million. Mitigation land will need to be acquired and managed to compensate for the PREP's environmental impacts. At this time, it is premature to provide a range of mitigation costs due to the extent and variety of environmental impacts associated with a project of this size and complexity, until negotiation terms are somewhat established with the regulators. As interagency meetings and discussions with the regulators progress, a more refined estimate of the mitigation costs will be developed along with the 60% level project cost estimate.

The current total capital cost, which is included in the CIP's FY 2024-28 Draft Five-Year Plan, is \$2.78 billion. Financing costs, including a Water Infrastructure Finance and Innovation Act (WIFIA) loan and revenue bonds, are estimated at \$3.23 billion for a total cost including financing of \$6.01 billion. When netted against the WSIP grant and the assumed partnership reimbursements at 35%, the net cost that would be paid by water charges over time is \$3.27 billion.

In general, issuing debt to fund capital projects helps keep water charges low and stable, helps larger projects get done faster than without the use of debt, and helps facilitate intergenerational equity - the concept that those who benefit from an asset over time, pay for the asset over time.

The current assumed WIFIA loan debt service structure reflects principal payments starting in FY 2054-55. This backloaded WIFIA debt service structure when combined with a strategy of shortening the amortization periods associated with future Water Utility revenue bond debt, would create a level overall debt service profile for the Water Utility in the decades to come and save the community money by facilitating the payoff of more expensive revenue bond debt sooner and the less expensive WIFIA debt later. Valley Water would not draw on the WIFIA loan for construction, unless the Board has approved a construction contract for the PREP.

The PREP has a minimal impact on the North County (Zone W-2) groundwater charge projection until FY 2031 since major expenditures aren't projected to start until FY 2028, which would be mostly offset by WSIP grant reimbursements, WIFIA loan proceeds and revenue bond proceeds. As shown in Attachment 1, for the 5-year period between FY 2029 and FY 2033, the net cash flow (or cost outlay) for the project totals \$428 million (\$300 million of which would occur from FY 2031 to FY 2033). The average net cash flow over the 5-year period is \$86 million per year and would translate to roughly \$387 per acre-foot (AF) for the North County Zone W-2 groundwater charge, or roughly \$13.35 per month to the average household. Between FY 2034 and FY 2053, the net cash flow for the PREP would average \$60 million per year and would translate to roughly \$255/AF, or roughly \$8.80 per month to the average household. From FY 2054 to FY 2067, the net cash flow for the

project would average \$111 million per year and would translate to roughly \$430/AF, or roughly \$14.75 per month to the average household.

Project Schedule

The current PREP schedule has both the design and environmental phases scheduled to be completed in mid-2026 with the construction contract and permits being completed mid-2027. This will be followed by a 7.5-year construction duration and a 6-month close-out phase scheduled to be completed in mid-2035. The schedule will continue to be updated at various milestones as the technical, environmental, and financial aspects of the PREP develops.

Upcoming Milestones

Over the next several years there will be several PREP milestones that will allow for, or in some cases, require Board consideration or action. These milestones will provide points when the feasibility of the PREP can be assessed based on updated technical, environmental, and financial project information.

As mentioned above, Valley Water is currently embarking on a 2-year process to complete the next WSMP update by the end of 2024. The WSMP update provides an opportunity to evaluate the benefits of the PREP in comparison with other storage projects and within Valley Water's overall water supply portfolios.

The 60% design package is scheduled to be completed in mid-2024 which will incorporate the results of the completed Phase 2 Geotechnical Evaluations and Environmental Surveys. It will include updates to the earthfill dam design and additional improvements such as the PG&E transmission line design and construction access improvements. Additionally, the 60% design package will include an updated PREP Cost Estimate. It is anticipated that there will be meaningful progress on potential partnerships and other funding options by this point. Therefore, this milestone will be the next opportunity to evaluate all three feasibility categories (technical, environmental & financial) at the same time.

The information developed through the 60% design will help inform the WSMP update and portfolio evaluation described above.

Public review for the recirculated draft EIR and draft EIS is anticipated in mid-2025, between the completion of the 60% and 90% design phases. While the review process may generate comments that could ultimately impact all three feasibility categories, the milestone itself is expected to provide an update predominantly on the environmental feasibility of the PREP.

The 90% and final design milestones are scheduled for late 2025 and mid 2026 respectfully. It is anticipated that these designs milestones will primarily include refinements of the design presented at 60% and address comments from the recirculated Draft EIR/EIS. A Final Engineer's Estimate on construction costs, as well as a potential third-party estimate, will be completed as part of the final design. The partnerships, funding and financing plan is expected to be completed by late 2026 after

the completion of the final design. These milestones will provide additional opportunities to review the Technical, Environmental and Financial Feasibilities of the PREP.

Certification of the final EIR/EIS is anticipated in Mid-2026. This milestone requires Board approval.

Finally, staff estimates that the Board will consider for adoption the plans and specifications and decide whether to authorize the bidding and awarding of the PREP in Mid-2027. This would be the final opportunity to evaluate the Technical, Environmental and Financial Feasibility of the PREP.

While there are several identified milestones that would allow for the Board to evaluate the feasibility of the PREP in several categories, it is recommended that the next milestone for evaluation of the PREP be at completion of 60% design. With a scheduled completion date of Mid-2024, this is the closest milestone that will provide necessary detailed information for all three major feasibility categories, technical, environmental, and financial. This timeline is also consistent with the WSMP update which will evaluate projects and recommend a water supply project investment strategy through 2050. At the completion of this milestone, most of the technical and environmental issues would have been investigated and analyzed, the PREP's total cost would be at a stage where the estimated value will be evaluated against future economic trends, the mitigation plan would be more developed with cost estimates, and additional information on potential partnerships, funding, and financing would be known.

ENVIRONMENTAL JUSTICE IMPACT:

There are no Environmental Justice impacts associated with this item. However, the Environmental Justice Impacts of the PREP will be assessed and addressed in future board actions related to the continued development of the PREP. Some of the anticipated Environmental Justice Impacts include the reduction of flood damages to several disadvantaged communities.

FINANCIAL IMPACT:

There is no financial impact associated with the recommendation in this item. The PREP is currently included in the CIP's FY 2024-28 Draft Five-Year Plan. Any future decisions on the course of the PREP may have financial impacts.

CEQA:

The recommended actions in this item does not constitute a project under CEQA because they do not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment. CEQA will be addressed for the PREP through an Environmental Impact Report that will be presented to the Board when it considers whether to approve the PREP.

ATTACHMENTS:

Attachment 1: PowerPoint
Handout 2.4-A: Huenemann

Handout 2.4-B: Perricelli
Handout 2.4-C: Whitfield
Handout 2.4-D: Sletteland
Handout 2.4-E: Rogers
Handout 2.4-F: Freedom
*Handout 2.4-G: Smith
*Handout 2.4-H: Sierra Club
*Handout 2.4-I: Stop Pacheco
*Handout 2.4-J: Stepanova
*Handout 2.4-K: Trades Council
*Handout 2.4-L: Kishler
*Handout 2.4-M: Giberson

UNCLASSIFIED MANAGER:
Christopher Hakes, 408-630-3796

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Pacheco Reservoir Expansion Project: Water Supply Master Plan and Milestone Review

March 16, 2023

BOARD ACTIONS

Receive Information on the Work Study Session on the Pacheco Reservoir Expansion Milestone Review, Project No. 91954002 (Santa Clara County - District 1, Merced County).

STAFF RECOMMENDATIONS

- A** Receive information on Board Adopted water supply strategy, Water Supply Master Plan update and decision framework for future water supply projects;
- B** Receive information on the Work Study Session on the Pacheco Reservoir Expansion Milestone Review, Project No. 91954002 (Santa Clara County - District 1, Merced County);
- C** Schedule future Work Study Session on Water Supply Master Plan Portfolio when Project reaches 60% level design; and
- D** Provide direction to staff.

Role of Water Supply Master Plan (WSMP)

3

- Roadmap for future investment
- WSMP identified projects generally prioritized and used as the basis for comparison with any new water projects
- Project evaluations within the context of the WSMP
- Primary factor for all projects is their ability to meet dry year demands

WSMP and Board Approved Strategies

4



Strategy 1

Secure existing supplies and infrastructure



Strategy 2

Expand water conservation and reuse



Strategy 3

Optimize the use of the existing system

Strategy 1 – Secure Existing Supplies & Infrastructure



- Complete baseline projects
 - Pipeline maintenance
 - Dam retrofits
 - Treatment plant improvements
 - Other projects to maintain existing system
- Delta Conveyance Project

Strategy 2 – Expand Water Conservation & Reuse



- 24,000 AF potable reuse

- 110,000 AF of conservation by 2040 (including stormwater capture)



Strategy 3 - Optimize Use of Existing System

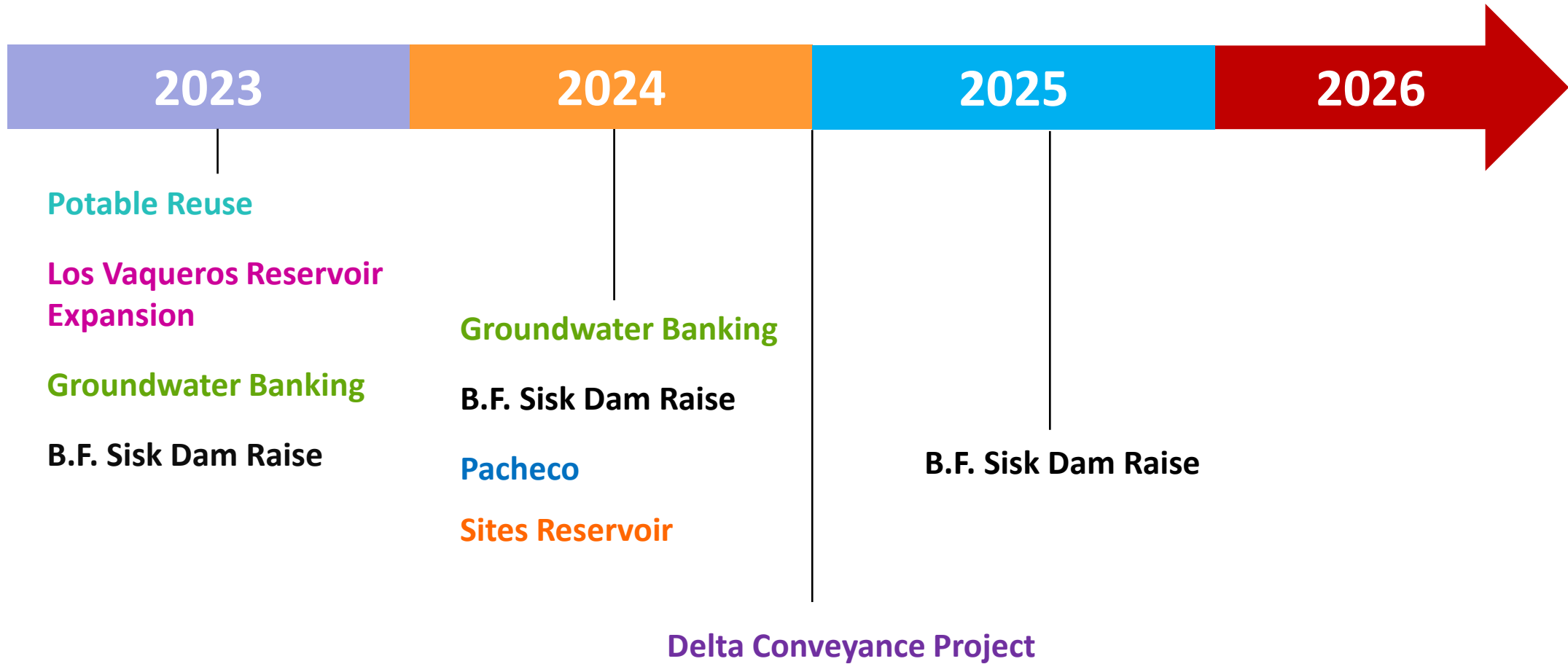
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- New Groundwater Bank
- Los Vaqueros Expansion
- Pacheco Reservoir Expansion
- B.F. Sisk Dam Raise
- Sites Reservoir

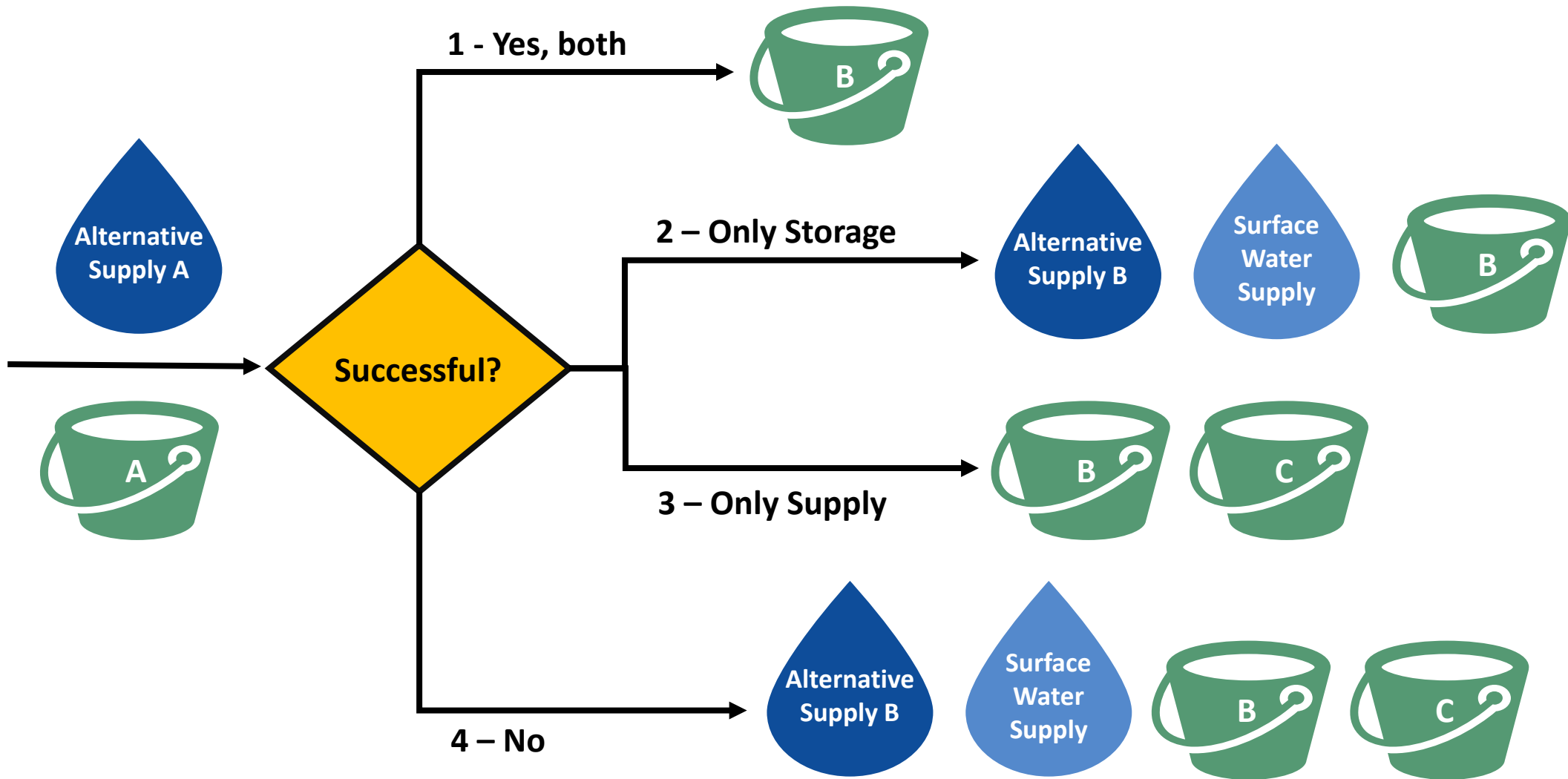


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Upcoming Project Decision Points



Strategy - Pair Supply with Diversified Storage



WSMP Update Schedule

10

2023

- Support rate setting process
- Develop a workplan to establish goals and procedures
- Refine project evaluation framework
- Project/portfolio analysis and evaluation
- Stakeholder engagement

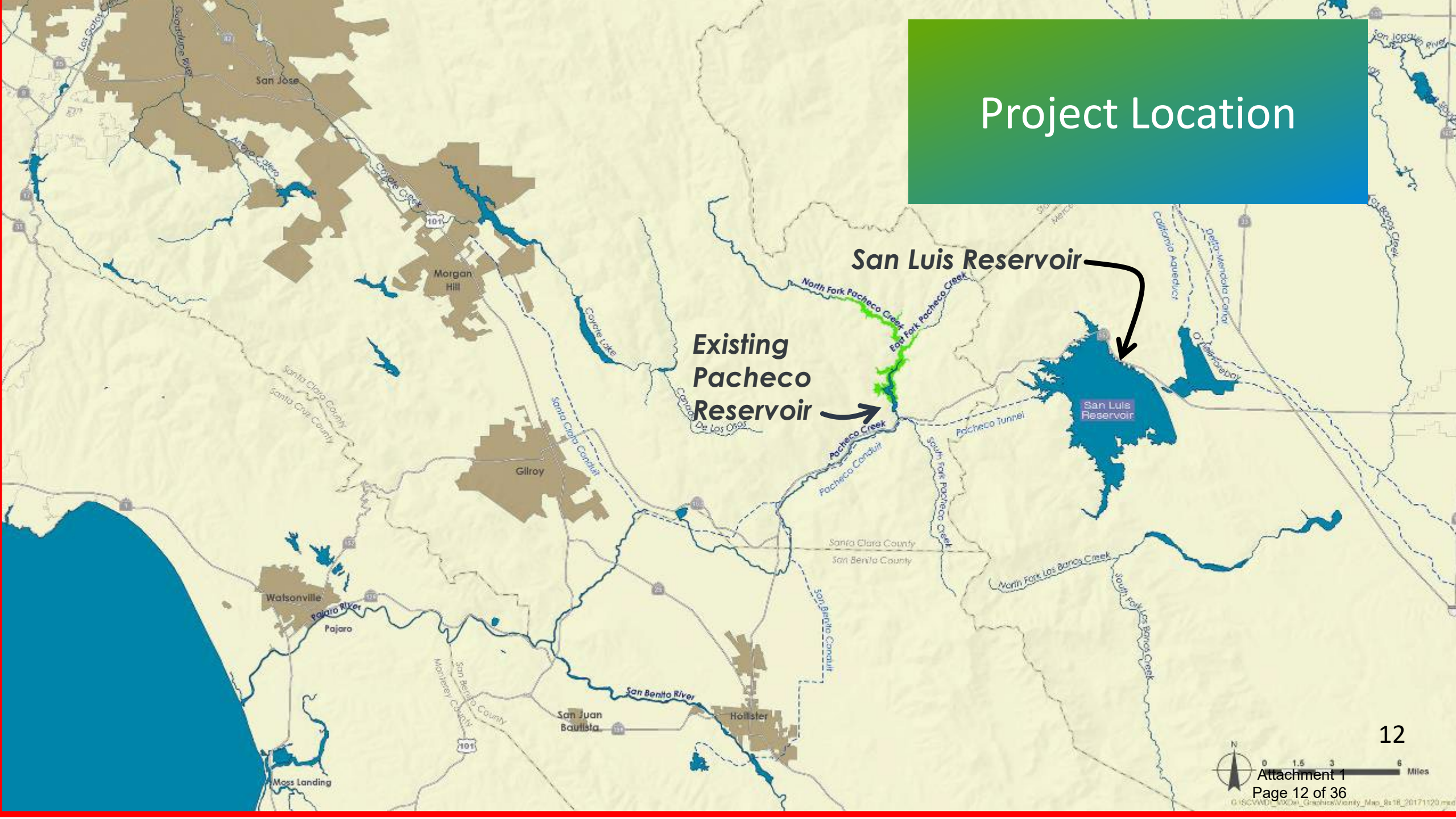
2024

- Plan development
- Stakeholder outreach
- Plan adoption



QUESTIONS

Project Location



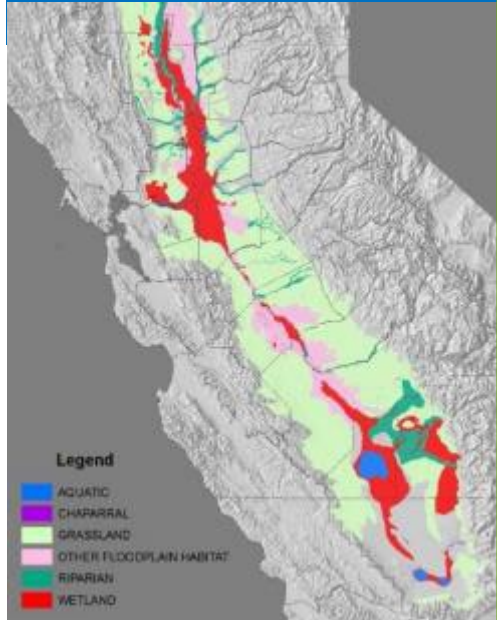
Public Benefits

ENVIRONMENTAL

Enhance habitat for federally threatened steelhead



Enhance water supply in below- normal years to wildlife refuges in the Delta



Increase water supply reliability and emergency water supply



Resolve the water quality problem in supply sourced from San Luis Reservoir



Reduce flooding along Pacheco Creek and to disadvantaged communities

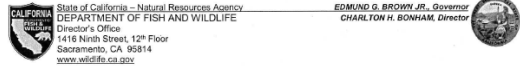


Public Benefit: Ecosystem Improvements

14



California Department of
Fish and Wildlife



State of California - Natural Resources Agency
DEPARTMENT OF FISH AND WILDLIFE
Director's Office
1416 Ninth Street, 12th Floor
Sacramento, CA 95834
www.wildlife.ca.gov

May 23, 2018

Joseph Yun
Executive Officer
California Water Commission
P.O. Box 942836
Sacramento, CA 94236-0001

Dear Mr. Yun:

RELATIVE ENVIRONMENTAL VALUE OF WATER STORAGE INVESTMENT PROGRAM PROJECTS AND DEPARTMENT FINDINGS

Thank you for your leadership during this process. As you know, the California Department of Fish and Wildlife (Department) is tasked with the responsibility of making recommendations to the California Water Commission (Commission). I acknowledge the complexity of the process has been challenging for you, Commissioners, the reviewing agencies, and each applicant. No one has tried a competitive approach to water storage on such a scale before. The good news is that the Commission and applicants are as close as ever to adding much needed water storage capacity through a portfolio of different types of projects across a diverse geography.

This competitive approach must adhere to the controlling statute and the implementing regulations. At each step of your process, our Department has always based our recommendations on the plain instructions in the statute and the regulations. All of the current applicants, as members of a broad-based stakeholder advisory group, helped develop these regulations during a two-year dialogue. At the last Commission meeting, the Department's recommendations to the Commission on monetized ecosystem benefits to include in the public benefit ratio calculations were discussed. This package contains our next assignment under the regulations related to our calculation of relative environmental value for the ecosystem improvements of a project and preliminary findings. However, as I describe at the end of this letter, each applicant retains an important obligation to complete due diligence for their projects promptly.

Pursuant to the Water Storage Investment Program (WSIP) regulations, this letter and attachments transmit to California Water Commission (Commission) staff (1) the relative environmental value scores calculated by the California Department of Fish and Wildlife (Department) and (2) the Department's findings on the public benefits claimed by each WSIP project. The WSIP regulations require the Department to calculate a relative environmental value for ecosystem improvements, based on information supplied in each project's application. (Cal. Code Regs. tit. 23, § 8007, subd. (c).) Additionally, if the Department finds the public benefits as described in a project's application meet all the requirements of Water Code section 79750 et seq. for which the reviewing

Conserving California's Wildlife Since 1870

May 23, 2018

FINDINGS ON PUBLIC ECOSYSTEM BENEFITS

Based on the information supplied in the application, the technical review of the ecosystem benefits, the requirements of Water Code section 79753, and the Department's assessment of the Project's relative environmental value in achieving the ecosystem priorities identified in the Code of Regulations, the Department hereby makes the following findings with respect to the monetized ecosystem benefits identified in the application for funding for the Pacheco Reservoir Expansion Project:

Steelhead Habitat

The Department finds that the provision of year-round reservoir releases to Pacheco Creek, targeting average monthly flows ranging from 10-20 cfs, constitutes an ecosystem improvement that meets the requirements of Water Code section 79750 et seq.

Refuge Water Supply

The Department finds that the delivery of 2,000 acre-feet of Incremental Level 4 water, during below normal water years, to south-of-Delta wildlife refuges constitutes an ecosystem improvement that meets the requirements of Water Code section 79750 et seq.

Public Benefit: Emergency Response

15



CALIFORNIA DEPARTMENT OF
WATER RESOURCES

STATE OF CALIFORNIA - CALIFORNIA NATURAL RESOURCES AGENCY
DEPARTMENT OF WATER RESOURCES
1416 NINTH STREET, P.O. BOX 942898
SACRAMENTO, CA 94229-0001



May 21, 2018

May 21, 2018

Mr. Joseph Yun
Executive Officer
California Water Commission
Post Office Box 942836
Sacramento, California 94236-0001

Project: Pacheco Reservoir Expansion Project
Applicant: Santa Clara Valley Water District

RE: Water Storage Investment Program — Findings

Dear Mr. Yun:

Herein, the Department of Water Resources (DWR) provides the California Water Commission (CWC) DWR's findings pursuant to California Code of Regulations, title 23, section 6012 and as required by Water Code section 79755(a)(3) for the Water Storage Investment Program (WSIP).

DWR staff has conducted a thorough review of the information provided by the applicant to develop findings for each physical public benefit per Water Code section 79753(a)(3)-5: flood control, emergency response, and recreational purposes. DWR's findings are based on the technical review of the public benefits as described in each application and using the information submitted by the applicants.

DWR staff evaluated each application as subject matter experts and implemented a careful internal review pursuant to applicable statutes, the WSIP Regulations (Cal. Code Regs., tit. 23, § 6000 et seq.) and the WSIP *Technical Reference* (Nov. 2016). Rigorous quality control measures were established to ensure all applications were reviewed in a fair and equal manner. In addition, staff and review teams met on a weekly basis to discuss preliminary findings, assure consistency, and to identify issues for further evaluation to be discussed by the broader review team.

The application and appeal materials provided by the applicant describe the potential public benefits. Based on the WSIP Regulations, a finding does not commit DWR to a definite course of action regarding any subsequent determination or approval by DWR under any regulatory or statutory authority beyond section 6012 of the WSIP Regulations.

DWR has reviewed documentation that the applicant has provided and verified that the proposed PRE Project could provide dedicated emergency response water supplies to local agencies through existing and proposed infrastructure.

Pursuant to Water Code section 79755(a)(3), DWR finds that the public benefits for emergency response of the proposed Pacheco Reservoir Expansion project meet all the requirements of Water Code, Division 26.7, Chapter 8 (Wat. Code, § 79750 et seq.).

Incidental Benefit: Flood Protection

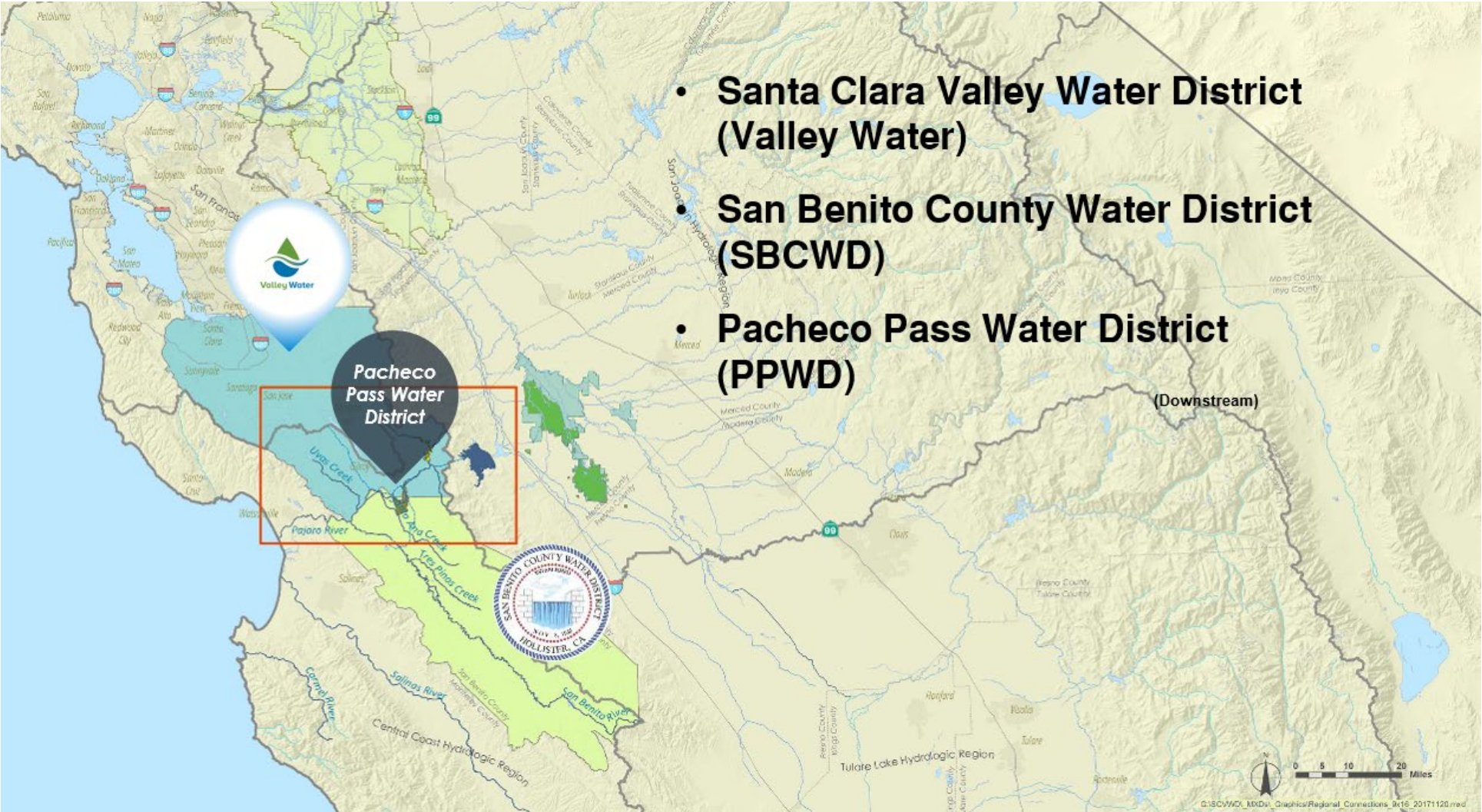
An expanded Pacheco Reservoir would provide for flow attenuation, controlled releases, and flood protection benefit to the flood prone downstream areas on Pacheco Creek

- In January 2023, the daily flow on Pacheco Creek at the USGS stream gage near Walnut Avenue peaked at 15,000 cfs and exceeded 2,000 cfs several times
- Based on the hydrologic analysis presented in the Draft EIR, if the expanded reservoir had been in place, these mean daily flows within Pacheco Creek near Walnut Avenue would have been reduced 15 - 24% on average



January 11, 2017, Flooding from Pacheco Creek

Pacheco Reservoir Expansion Project Partners



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Example of Potential Partner Use



Partnership Status

2018 Memorandum of Understanding

- San Benito County Water District (SBCWD)
- Pacheco Pass Water District (PPWD)

Partnership Interest

- Four water agencies comprised of 11 members expressed interest
- Pending discussions with other agencies
- Two Letters of Interest (LOI) received

Partner Agreements

- No partner agreements have been finalized
- Public benefit agreements will need to be negotiated with the State prior to execution of partnership agreements



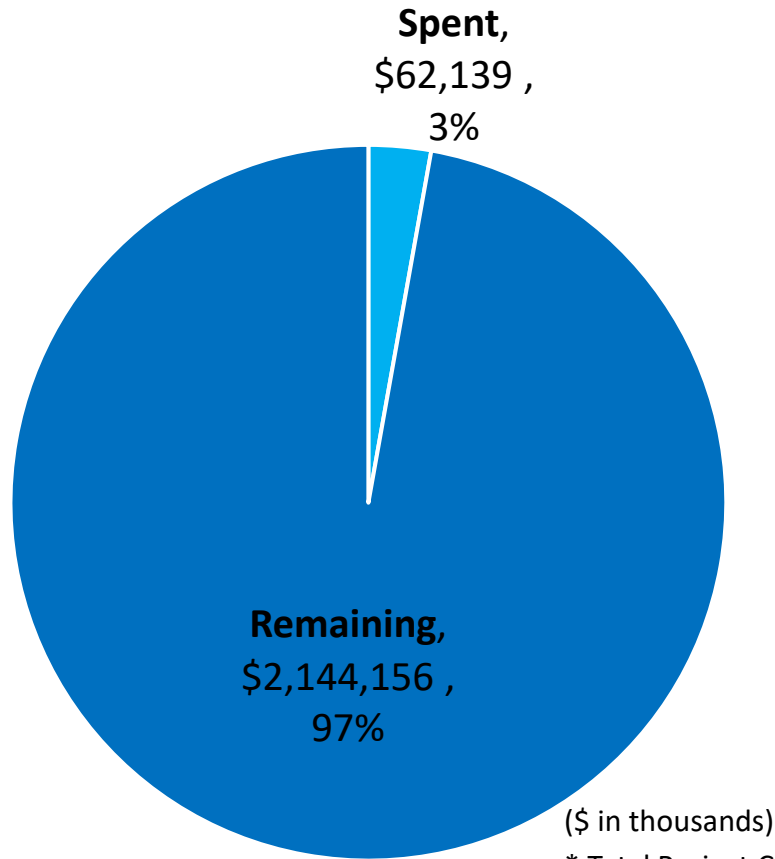


QUESTIONS

Project Cost Summary

21

Total Project Cost: \$2.206B (without inflation)*



(\$ in thousands)

* Total Project Cost with inflation: \$2.78 billion

(\$ in thousands)

	Budget	Spent	Remaining
Planning	\$ 11,302	\$ 12,921	\$ (1,619)
Environmental	\$ 34,574	\$ 14,135	\$ 20,439
Design	\$ 127,847	\$ 32,908	\$ 94,939
ROW	\$ 21,910	\$ 1,846	\$ 20,064
Construction	\$ 2,006,770	\$ -	\$ 2,006,770
Close-out	\$ 360	\$ -	\$ 360
Task 0000	\$ 3,308	\$ 329	\$ 2,979
Total	\$ 2,206,071	\$ 62,139	\$ 2,143,932

Notes:

1. Construction phase includes \$50 million for mitigation measures.
2. Spent as of 2/22/23. Task 0000 Spent reflects re-allocation of \$2.688M to a phase.
3. Annual operational costs projected at approximately \$5 million.

Project Financing Costs

(\$ in millions)

Fiscal Year	B	C	D	E	F	G	H	I
In 5 Year	Capital	Prop 1	WIFIA	Rev Bond	WIFIA	Rev Bond	35%	Net Cash
Increments	Cost	Grant	Debt	Debt	Debt	Debt	Partner	Flow
			Proceeds	Proceeds	Service	Service	Payments	
FY 19 - 23	102.6	(20.2)	(15.4)	-	-	-	-	66.9
FY 24 - 28	345.8	(93.2)	(171.3)	(57.5)	-	2.3	(10.1)	15.9
FY 29 - 33	1,642.2	(390.7)	(664.3)	(178.5)	8.0	74.7	(63.6)	427.8
FY 34 - 38	690.1	-	(513.2)	-	298.4	94.4	(224.1)	345.6
FY 39 - 43	-	-	-	-	479.6	94.4	(291.5)	282.5
FY 44 - 48	-	-	-	-	479.8	94.4	(291.5)	282.6
FY 49 - 53	-	-	-	-	495.7	94.4	(297.1)	293.0
FY 54 - 58	-	-	-	-	863.4	92.1	(415.6)	539.8
FY 59 - 63	-	-	-	-	935.7	19.7	(390.3)	565.1
FY 64 - 67	-	-	-	-	705.6	-	(251.0)	454.7
Total	2,780.7	(504.1)	(1,364.2)	(236.0)	4,266.2	566.4	(2,234.9)	3,274.1

- Key Assumptions:**
- WIFIA principal payments for construction loan begin in FY 55
 - WIFIA borrowing rate is 4.7% for planning and design loan, 5.7% for construction loan
 - WIFIA loan draws start in FY 27, including refunding short-term debt issued in prior years

\$5,509.0M without partners

Translation of net cash flow to North County groundwater charge, or monthly impact to average household:

	<u>With Partners Payments</u>	<u>Without Partner Payments</u>
FY 29 to FY 33:	\$387/AF or \$13.35/month	\$444/AF or \$15.30/month
FY 34 to FY 53:	\$255/AF or \$8.80/month	\$488/AF or \$16.82/month
FY 54 to FY 67:	\$430/AF or \$14.75/month	\$720/AF or \$24.80/month

Roughly 10% of overall North County groundwater charge

Project Funding

WSIP Grant - \$504,141,383 (Conditional Award)

CA Water Commission (CWC) –
December 15, 2021, found Project
feasible and remains eligible for
funding

Early Funding Agreement (\$24.2M)
extension has been approved

Low Cost Federal WIFIA Loan - up to \$1.4B (Repaid through Groundwater Charges)

Initial loan available for planning and
design costs only

Construction loan subject to Board
approval of CEQA and Project Plans
and Specs

Federal Grant through Reclamation

DEC Review of 30% Design and
Cost Estimate - no official
comments

Needs Reclamation / Department
of Interior Approval for funding

VW & Partners

Valley Water rate payers
(Groundwater Charges)

Potential partners (currently 35%
participation targeted per VW
Board direction on April 14, 2021,
no participation required per
CWC)

“Early Funding” Reimbursement to Date

Cost Share Total	Total Cost Share (48%) this Invoice	Total Cost Share (48%) to Date	Total Amount Remaining	Estimated Cost Share Next Reporting Period (10/1/22 – 12/31/22)
\$ 24,200,000	\$ 1,271,531	\$ 18,866,526	\$ 5,333,474	\$ 1,500,000

Notes:

- 1. The above numbers are as of the December 2022 progress report to CWC
- 2. Early funding reimbursement may be required to be repaid to the State if grant conditions are not met

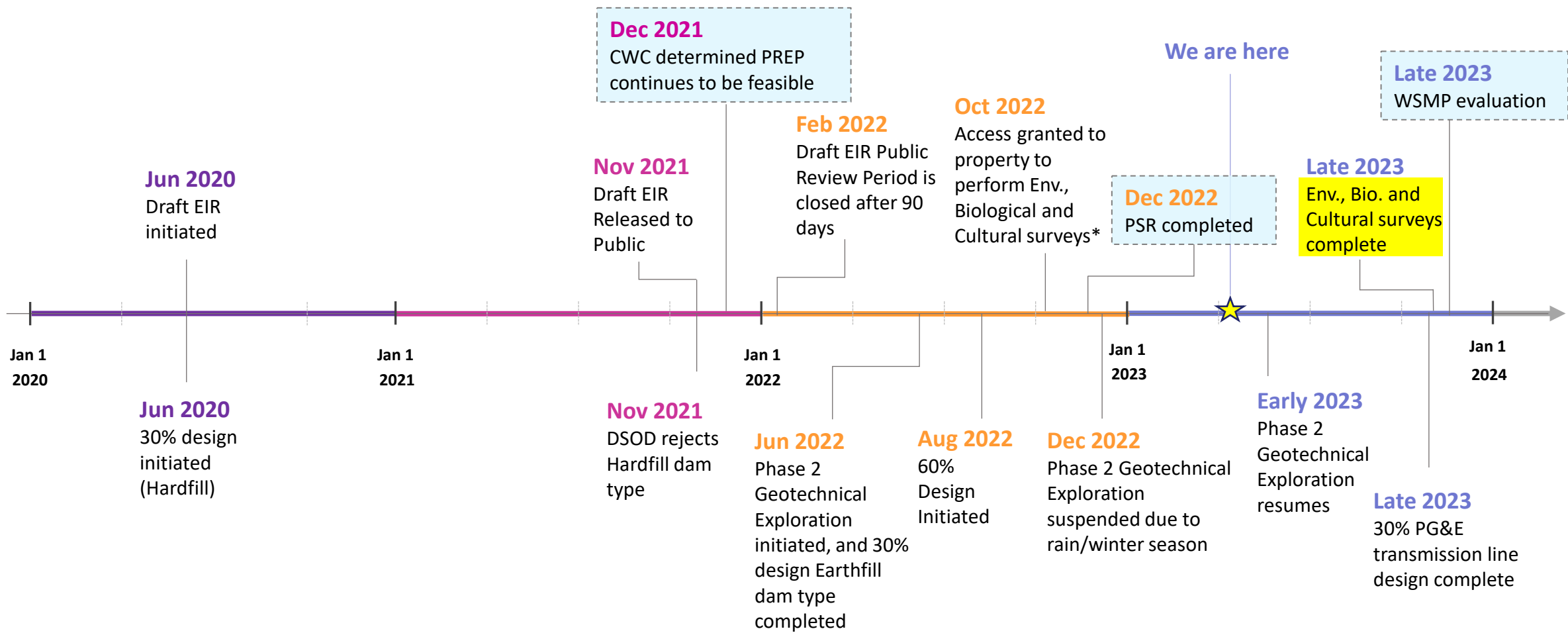


QUESTIONS

Environmental and Design Milestone Timeline

ENVIRONMENTAL

DESIGN



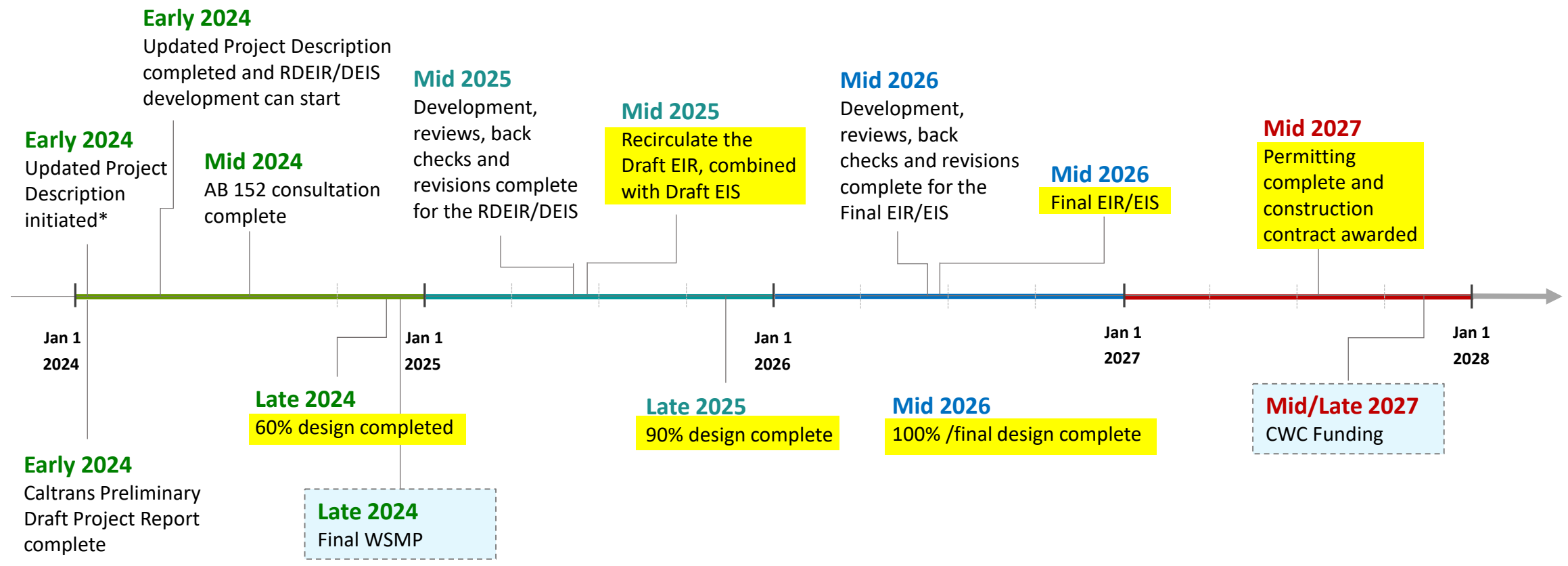
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Environmental and Design Milestone Timeline

ENVIRONMENTAL

DESIGN



Non-Environmental, Non-Design

Recommended WSMP Work Study Session - 60% Level Design: Mid to Late 2024

28

Technical

- Design at 60% level
- Geotechnical information for all project components
- Site access (Caltrans) and power transmission (PG&E) developed to 30%

Environmental

- Biological and cultural surveys completed
- AB 152 consultation complete
- Additional input from regulatory agencies on mitigation and permitting

Economic

- Updated cost estimate (60% Design level) with latest economic conditions/forecast
- Additional information on potential partnerships, funding, and financing
- Updated Cost/Benefit analysis

Draft EIR/EIS Release: Mid 2025

Technical

Environmental

- Recirculated DEIR/DEIS released for public review
- Significant progress on permitting and identifying mitigation

Economic

- Updates to permitting/mitigation costs

90% Design Level: End 2025

30

Technical

- Design at 90% level for all project components

Environmental

- RDEIR/DEIS public comments available

Economic

- Updated cost estimate (90% Design level) with O&M
- Additional information on potential partnerships, funding, and financing
- Updated Cost/Benefit analysis

Finalized Design & EIR/EIS: Late 2026

31

Technical

- Design at 100%/Final level for all project components
- Construction contract procurement process established, potential early input

Environmental

- Final EIR/EIS completed
- Most permit applications submitted or near completion

Economic

- Final Engineer's Estimate on construction cost with potential third-party estimate
- Partnerships, funding, and financing plan complete

Advertisement for Construction: Mid 2027

32

Technical

- Completed bid package to Board for approval to release for bids

Environmental

- All environmental permitting complete
- Mitigation measures developed

Economic

- Final costs developed
- All funding and financing sources arranged including WSIP full funding determination

Feasibility Information Available by Milestone

33

Milestone	Technical	Environmental	Economic
Late 2024 60% Design Completion	☑	☑	☑
Mid 2025 Draft EIR Recirculation/EIS Release		☑	☑
End 2025 90% Design Completion	☑	☑	☑
Mid 2026 EIR/EIS Adoption	☑	☑	☑
Mid 2027 Construction Contract Award			☑

valleywater.org

Board Actions

A

Receive information on the Board Adopted Water supply strategy, Water Supply Master Plan Update and decision framework for future water supply projects



B

Receive information on the Work Study Session on the Pacheco Reservoir Expansion Milestone Review



C

Schedule future Work Study Session on Water Supply Master Plan Portfolio when Project reaches 60% level design



D

Provide direction to staff



QUESTIONS





Valley Water

Clean Water • Healthy Environment • Flood Protection

Michele King

From: rghuenemann@gmail.com
Sent: Thursday, March 09, 2023 8:15 AM
To: Clerk of the Board
Subject: Pacheco Pass Dam expansion

Follow Up Flag: Follow up
Flag Status: Flagged

***** This email originated from outside of Valley Water. Do not click links or open attachments unless you recognize the sender and know the content is safe. *****

I am vehemently opposed to the proposed Pacheco Pass Dam expansion. There are other water storage projects that are vastly more cost effective. Thank you.

Robert Gilchrist Huenemann, M.S.E.E.
120 Harbern Way
Hollister, CA 95023-9708
831-635-0786
rghuenemann@gmail.com

Please note my new email address: rghuenemann@gmail.com

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Michele King

From: Eugene Perricelli <ceperr@sbcglobal.net>
Sent: Thursday, March 09, 2023 10:54 AM
To: Clerk of the Board
Subject: Regarding Pacheco Dam:

Follow Up Flag: Follow up
Flag Status: Flagged

*** This email originated from outside of Valley Water. Do not click links or open attachments unless you recognize the sender and know the content is safe. ***

Yes this is a cut and paste, but I cannot say it better and these are the defining points of the project, in my mind. Thanks for your consideration. Claire Perricelli

Here are a few of the main problems with continuing to pursue such a destructive project:

1. **Unknown and Growing Price Tag:** Valley Water has claimed that the project would only cost \$2.5 billion; this estimate excludes finance expenses. The project's actual expense is already expected to be higher than \$4.5 billion. Furthermore in [his recent financial report](#), Dr. Jeff Michaels indicates that ratepayers would see bills increase by at least \$145.80 annually BEFORE the dam construction is even complete and the EPA WIFIA loan repayments start!
2. **It's [Environmentally Destructive](#) with Little Water Supply Benefit:** This proposed project brings detrimental damage to the surrounding natural habitats. The dam would destroy more than 1,500 acres of delicate natural communities, greenhouse gas emissions would rise, and Valley Water customers would only receive a small quantity of water each year.
3. **It's Outdated:** It's pointless to continue the development of this project while other dams in the state are being demolished or deteriorating. Valley Water should be looking at sustainable water projects that are good for the long-term like water recycling, storm water capture/treatment and groundwater recharge. Typically, evaporation causes dams to lose about half of their water capacity over time.
4. **Incomplete Environmental Review:** Valley Water has already admitted that the Draft Environmental Impact Report circulated in 2022 is inadequate and must be redone, and the federal environmental review process under the National Environmental Policy Act has not even begun.

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Michele King

Subject: FW: Pacheco Dam Expansion

From: Jim Whitfield <jim.whitfield@gmail.com>

Sent: Friday, March 10, 2023 4:00 PM

To: Mark Gomez <MGomez@valleywater.org>

Subject: Pacheco Dam Expansion

***** This email originated from outside of Valley Water. Do not click links or open attachments unless you recognize the sender and know the content is safe. *****

Greeting Mark Gomez and the Santa Clara Valley Water Board

I appreciate you working to keep water available for us residents of Santa Clara Valley. I live in Mountain View and, while I know some of my water comes from Hetch Hetchy, I understand some comes from the district as well.

I'm an occasionally paying member of the Sierra Club. They sent an email campaign urging members to register opposition to the Pacheco Dam expansion.

I do not support the Sierra Club's position opposing the Pacheco Dam expansion.

I approve of and appreciate your efforts. There's no way from the Sierra Club site to register my opposition to their position and efforts. So I thought I'd write you directly and register my approval of the Pacheco Dam expansion. Keep calm and Carry On!!

Sincerely

Jim Whitfield

Mountain View, Ca.

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Michele King

From: Holly H. Sletteland <hslettel@calpoly.edu>
Sent: Saturday, March 11, 2023 10:36 AM
To: Board of Directors
Subject: Pacheco Valley Dam Project

***** This email originated from outside of Valley Water. Do not click links or open attachments unless you recognize the sender and know the content is safe. *****

I don't live in your district, but I have certainly spent a lot of time there. And it's becoming increasingly obvious that all of our actions are interconnected. Decisions you make in Santa Clara impact me in San Luis Obispo County and vice versa. We share one planet and it is in serious trouble. We can't afford to make it any worse with more bad decisions. Dams are no longer a viable solution for satisfying our water needs. They are too destructive and they are too inefficient. I would encourage you to look at underground storage options, water recycling and conservation measures instead. For the price of a dam, you could provide an awful lot of incentives to conserve (e.g. low flow toilets, showerheads, faucets; lawn removal; irrigation upgrades; greywater systems; rainwater collection). It would be immoral and irresponsible to aggravate our critical climate and biodiversity emergencies by unleashing almost 100 million metric tons of carbon dioxide and destroying 1500 acres of natural habitat by building this project. Please vote no and say yes to smart, sustainable solutions.

Holly Sletteland

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Michele King

From: james rogers <jrogers@garlic.com>
Sent: Friday, March 10, 2023 2:41 PM
To: Board of Directors
Subject: Pacheco Dam

***** This email originated from outside of Valley Water. Do not click links or open attachments unless you recognize the sender and know the content is safe. *****

Dear Board Members,

Please stop making the Pacheco Dam a goal. It will cause many more problems than it might solve. It is environmentally destructive, invading Coe Park. The amount and weight of trucks needed to build it will cause major traffic and road maintenance problems on Pacheco Pass. The huge expense is just not worth it. And on top of that it is really only for storage of existing water. Please invest our tax money in other ways to increase our water supply.

Jim and Connie Rogers
7690 Santa Theresa Drive
Gilroy, CA 95020
408-842-8494

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Michele King

From: Rea Freedom <realfre@aol.com>
Sent: Thursday, March 09, 2023 9:12 PM
To: Board of Directors
Subject: Pacheco Dam

Follow Up Flag: Follow up
Flag Status: Flagged

*** This email originated from outside of Valley Water. Do not click links or open attachments unless you recognize the sender and know the content is safe. ***

Dear Board,
The Pacheco Dam is not a good idea. Too expensive, not enough water storage, and very bad for the environment. I oppose it strongly. I hope you will, too.
Thank you,
Rea Freedom

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Michele King

From: Santa Clara Valley Water <system-generated@valleywater.org>
Sent: Wednesday, March 15, 2023 5:53 AM
To: Clerk of the Board
Subject: SCVWD Agenda Comment Form

Follow Up Flag: Follow up
Flag Status: Flagged

***** This email originated from outside of Valley Water. Do not click links or open attachments unless you recognize the sender and know the content is safe. *****

Submitted on Wed, 03/15/2023 - 5:53 AM

Submitted values are:

Name

Elizabeth Smith

Address

3734 Y St
Sacramento, California. 95817

Email

rocklvr@gmail.com

Board Meeting Date

2023-03-16

Agenda Item Number

23-0324

I would like to

Express Opposition

Comment Form

I oppose the reservoir because of the loss of habitat and extensive cost for little and unguaranteed benefit.

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March 15, 2023
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118

Via email to:

Clerk of the Board <clerkoftheboard@valleywater.org>
Board of Directors <Board@valleywater.org>
John Varela <jvarela@valleywater.org>
Tony Estremera <teestremera@valleywater.org>
Barbara Keegan <bkeegan@valleywater.org>
Richard Santos <rsantos@valleywater.org>
Jim Beall <jbeall@valleywater.org>
Nai Hsueh <nhsueh@valleywater.org>
Rebecca Eisenberg <reisenberg@valleywater.org>

Re: Item *2.4 Receive Information on Water Supply Strategy, Water Supply Master Plan Update, and Work Study Session on the Pacheco Reservoir Expansion Milestone Review, Project No. 91954002 (District 1, Merced County).

Dear Board Members,

As time goes on and costs continue to increase, it is more and more evident that the Pacheco Reservoir project does not pencil out, and that continuing with this project will hamper Valley Water's ability to address other priorities. Therefore, we hope the March 16 Special Meeting will be an opportunity to reconsider the viability of the project.

We offer the following points for your consideration:

1. The accounting of total project cost leaves out important considerations. As the Board recently observed, financing and operations/maintenance costs are not included. CIP documents should be updated accordingly.
2. Seemingly unrealistic budget assumptions about partner participation in the Pacheco project result in underestimated budgets and rate increases that will become even more apparent once construction begins. At this point, it would be wise for Valley Water to be conservative and assume no partner

participation. The resulting greater impact on water rates should be key in considering whether or not to move forward with this project.

3. Future cost increases, delays, permitting issues, etc., are inevitable. This project is considerably larger than the largest-ever projects that Valley Water has undertaken— Anderson Dam and Rinconada Water Treatment Plant— and the history of cost increases and delays for those projects indicates the same will continue to be true for Pacheco. At least, staff should provide a schedule with milestones for completion of the Water Storage Investment Program grant conditions, so progress can be monitored by the Board and schedule delays can be evaluated as early as possible.
4. Canceling the Pacheco project would allow Valley Water to keep rate increases in check. See attached report from Dr. Jeffrey Michael, ["Valley Water CIP Understates and Obscures Ratepayer Impacts of Pacheco Dam."](#) According to Dr. Michael's analysis, "Total monthly bills for Santa Clara County residents are the highest in the United States. Overall cost of living in San Jose is estimated to be 215% above the U.S. average. Tens of thousands of Santa Clara Valley households are delinquent on their water bills at current rates according to the State Water Resources Control Board and San Jose Water Company. The number of unpaid bills is sure to grow higher if Valley Water imposes rate increases for Pacheco Dam. Against this backdrop, lowering the cost of living should be the primary focus of every public official in Santa Clara County. Instead, Valley Water is considering committing billions of ratepayer dollars to a dam its own staff describes as the costliest and riskiest option in their master plan."
5. Canceling the Pacheco project would provide more flexibility to fund other important projects. Staff working on dam projects could fully focus on Anderson and other seismic retrofits. Additional funding would be available for other water supply projects such as recycling and stormwater capture. The \$10 million allocated to Pacheco through Measure S could be allocated to programs to address unhoused residents living along creeks instead.

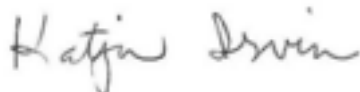
San Jose Mayor Matt Mahan seems to agree with the last point, according to the following quote recently published in the [San Jose Mercury News](#), "I have concerns about whether several billion dollars for a project like Pacheco, which doesn't meaningfully increase our water supply, is a good use of scarce resources at a time when we have so many other needs."

Considering these points, we ask that you close the door on the Pacheco Reservoir project, and open the door to new opportunities to address issues and pursue projects that will make a real difference for the residents of Santa Clara County.

Please direct staff to schedule a public hearing to reconsider the inclusion of this project in the Water Supply Master Plan and the Capital Improvement Plan sooner than the completion of 60% design, currently scheduled for mid-2024.

Please feel free to contact us to discuss these or other points regarding the Pacheco Dam project.

Sincerely,

A handwritten signature in cursive script that reads "Katja Irvin".

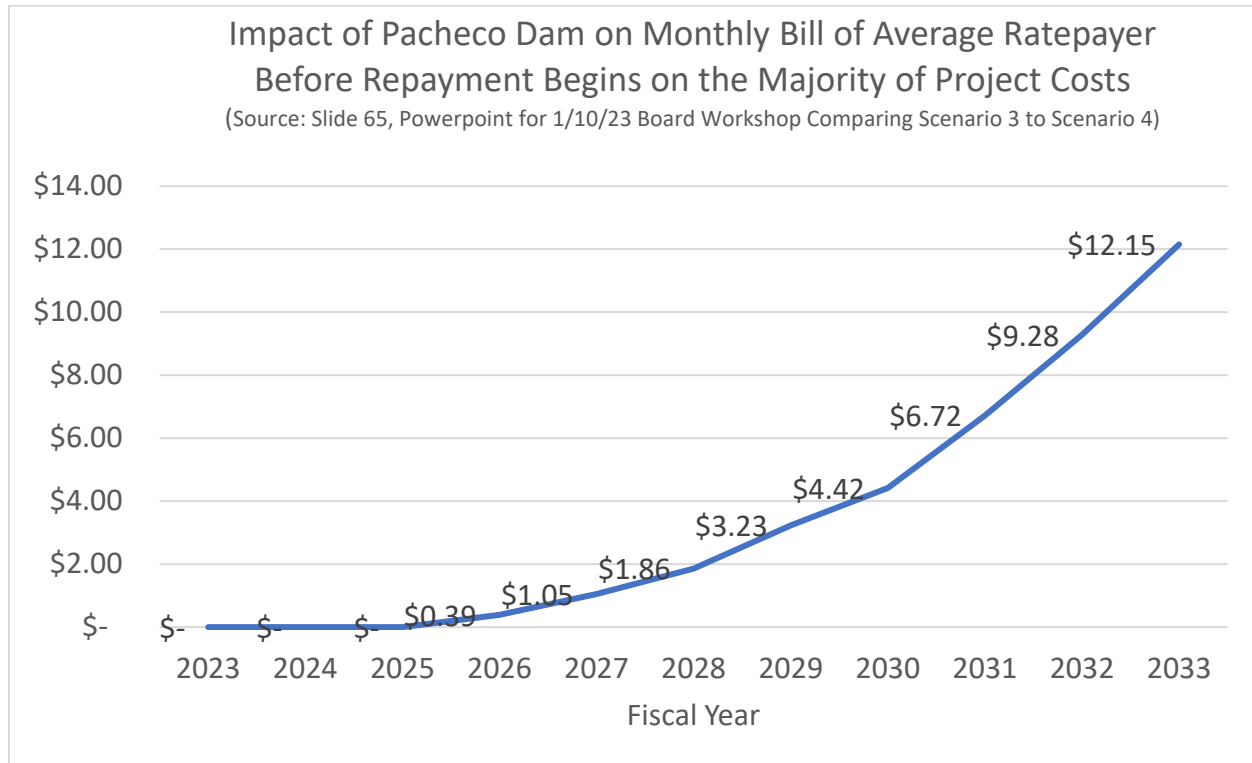
Katja Irvin, AICP
Conservation Committee
Sierra Club Loma Prieta Chapter

A handwritten signature in cursive script that reads "Molly Culton".

Molly Culton
Senior Conservation and Digital Organizer
Sierra Club California

Valley Water CIP Understates and Obscures Ratepayer Impacts of Pacheco Dam

Dr. Jeffrey Michael
February 21, 2023



Valley Water's Rate Increase Projections for Pacheco Dam in the CIP are Understated and Deceptive.ⁱ

- Valley Water staff projections show average monthly costs will increase by \$12.15 per month, \$145.80 annually by 2033, before dam construction is complete and WIFIA loan repayments start. The full impact will likely be 2-3 times higher once all project costs are being repaid.
- Truncating analysis to 2033 cuts off all of the impacts of repaying the WIFIA loans, which would finance the majority of Valley Water's Pacheco Dam costs.
 - WIFIA interest payments for Pacheco would not begin until 2033, and principal payments would not begin until 2052.
- Baseline scenario inaccurately assumes that less than half of the cost of building Pacheco dam will come from Valley Water rate increases by assuming unidentified partners to cover 35% of costs with another 20% covered by a State Proposition 1 grant.
- Cumulative rate increases obscured by only showing annual changes.
- The construction cost of the dam are about \$1,500 per capita within Valley Water's service area, before including the cost of capitalized interest and other financing costs.
- Without Pacheco Dam, Anderson Dam retrofits and other necessary CIP projects could spread ratepayer costs out more, mitigating rate increases projected over the next 10 years.

Sources: Board Agenda exhibits for December 10, 2022 and January 5, 2023 meetings.

Santa Clara County's Cost-of-Living Crisis

- Total monthly bills for Santa Clara County residents are the highest in the United States.ⁱⁱ
- Overall cost of living in San Jose is estimated to be 215% above the U.S. average.ⁱⁱⁱ
- A record 56% of Silicon Valley residents say they plan to leave in the next few years with 84% citing the cost of living as the main reason they plan to move.^{iv}
- Tens of thousands of Santa Clara Valley households are delinquent on their water bills at current rates according to the State Water Resources Control Board and San Jose Water Company. The number of unpaid bills is sure to grow higher if Valley Water imposes rate increases for Pacheco dam.

Against this backdrop, lowering the cost of living should be the primary focus of every public official in Santa Clara County. Instead, Valley Water is considering committing billions of ratepayer dollars to a dam its own staff describes as the costliest and riskiest option in their master plan.^v

ⁱ SCVWD April 12, 2022 Meeting. Attachment 2

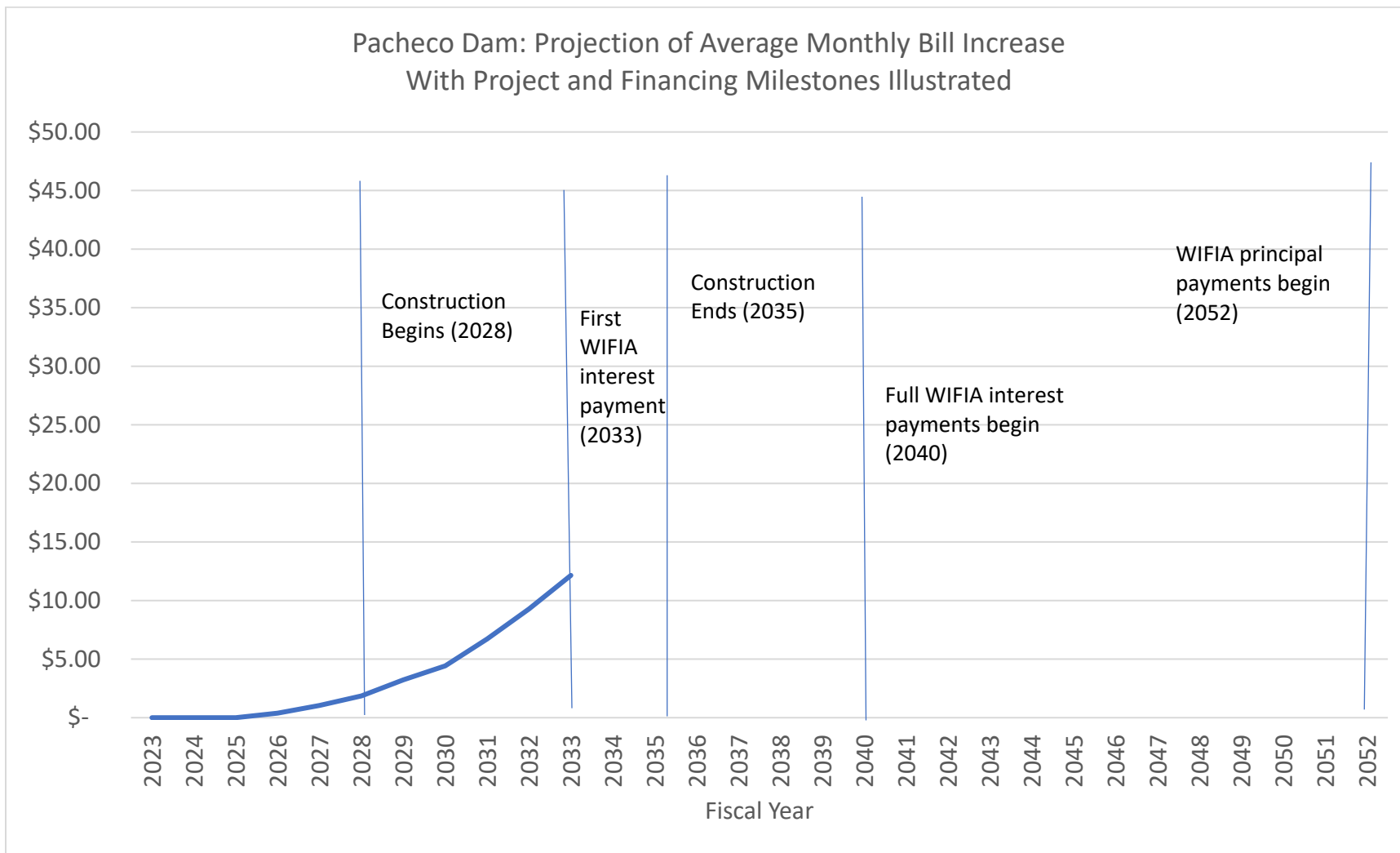
ⁱⁱ <https://www.doxo.com/insights/regional-bill-comparison/>

ⁱⁱⁱ https://www.bestplaces.net/cost_of_living/city/california/san_jose.

^{iv} <https://jointventure.org/images/stories/pdf/sv-poll-2021-report.pdf>

^v SCVWD October 22, 2021 Special Meeting, Agenda item 4.

Valley Water Staff Truncated Rate Analysis Hides Full Ratepayer Impacts of Pacheco Dam
Analysis Ends in 2033, twenty years before principal payments begin under proposed WIFIA financing.





tel: 916.455.7300 · fax: 916.244.7300
510 8th Street · Sacramento, CA 95814

March 15, 2023

SENT VIA EMAIL

(clerkoftheboard@valleywater.org; board@valleywater.org)

Chair Varela and Board Members
Santa Clara Valley Water District
5700 Almaden Expressway
San Jose, California 95123

**RE: March 16, 2023, Board of Directors Special Meeting,
Agenda Item 2.4 – Receive Information on Water Supply Strategy,
Water Supply Master Plan Update, and Work Study Session on the
Pacheco Reservoir Expansion Milestone Review, Project No. 91954002**

Dear Chair and Board Members:

This firm represents Stop the Pacheco Dam Coalition, an unincorporated association working with conservation and other groups to protect Santa Clara County's ratepayers and the environment, as well as working ranchlands, from the environmentally destructive, high-cost, and high-risk Pacheco Reservoir Expansion Project ("Dam Project").¹ Given the high risks, high costs, and severe environmental damage associated with the Dam Project, Santa Clara Valley Water District ("Valley Water") should not continue to pursue this project. At the conclusion of item 2.4 on the March 16, 2023, special meeting agenda, the Board should direct staff to stop pursuing the Dam Project. Removing the project from Valley Water's portfolio of water projects would allow for staff and funding to be directed at more environmentally friendly, cost-effective, and sustainable water projects.

Valley Water has already spent tens of millions of dollars, countless staff hours, and numerous board meetings pursuing the Dam Project. However, the time and resources spent so far has amounted to only an infeasible dam design and an inadequate Draft Environmental Impact Report ("DEIR"), with no other water agencies willing to financially participate in the Dam Project. While these problems have continued to grow, Valley Water has only recently begun to make the true costs of the Dam Project public.

¹ For more information, see: <https://stoppachecodam.org/>.

Chair Varela and Board Members
Santa Clara Valley Water District
March 15, 2023
Page 2 of 4

Pacheco Dam Partnership Assumptions are Incorrect

During the April 14, 2021, Board meeting, the Board directed staff to assume a 35 percent partnership participation rate for the project. Therefore, every estimate provided to the Board over the past two years has assumed that 35 percent of the project would be paid for by outside partners.² To date, no entity other than Valley Water has agreed to pay for any of this disastrous project. (See March 16, 2023, PowerPoint, p. 19.) Without any evidence of partnerships, Valley Water should not be relying on this billion-dollar expectation as part of the project's baseline financing.

The funding partner assumption not only deceives the public as to the total likely cost to Valley Water, but also inaccurately describes the impact that the project would have on ratepayers. As shown in the PowerPoint for this item, for the twenty years between 2034 and 2053, the monthly increase per household would nearly double without partnerships. Without partners, this project would increase cost per household by more than \$15 a month for the next 45 years. Prior to this staff report, this fact has not been provided to the public. The Board should require all future ratepayer updates to exclude unlikely partnership assumptions.

Costs and Timeframes Continue to Expand

In 2017, the dam cost was estimated to be less than \$1 billion. In 2019, that number rose to roughly \$1.3 billion, and in 2020 it reached \$2.5 billion. Even these numbers, fail to provide the full picture. As shown in the March 16, 2022, Board Agenda Memorandum, the cost of construction and financing creates a price tag of more than \$6 billion. This would create a decades long burden for rate payers while only providing a minimal amount of water each year. Additionally, it is unclear whether this price covers the amount Valley Water would have to pay to import the water to fill the reservoir.

A fraction of this amount could be spent building infrastructure that uses readily available local water sources and creates additional water. Recycled water, stormwater capture, and groundwater replenishment are all types of projects that would provide Santa Clara Valley residents with the sustainable water infrastructure needed over the next four decades.

² For example, the 2024–2028 Capital Improvement Program states that nearly \$800 million would be covered by partnership contributions (https://s3.us-west-1.amazonaws.com/valleywater.org.us-west-1/s3fs-public/2023-03/CIP_Tab-02_022823_TB.pdf).

Chair Varela and Board Members
Santa Clara Valley Water District
March 15, 2023
Page 3 of 4

Additionally, staff's PowerPoint Presentation shows that the Dam Project is requiring 17 full time employees and several contractors. Wasting this many personnel on a speculative project that has been mired by bad decisions is short-sighted. These employees' time should be spent on sustainable projects that would provide Santa Clara County ratepayers with long-term solutions to the ongoing water challenges.

Other Storage and Water Supply Improvement Projects are More Likely to Be Successful

Rather than continue the ill-fated pursuit of the Dam Project, Valley Water should participate in other storage expansion and related projects that are already moving forward. Projects such as B.F. Sisk Dam Raise,³ Los Vaqueros Expansion,⁴ and San Luis Low Point are all projects that could be pursued through additional partnership funding by Valley Water. These projects would be less impactful to the environment, already have partners that have agreed to funding, and appear to be much more likely to be completed. Therefore, Valley Water should look to increasing its participation in these alternative projects to supplement its water supply.

In addition to funding other projects that are already moving forward, Valley Water should also refocus the Dam Project's finances and personnel to other more sustainable projects. Right now, Valley Water hopes to recycle 10 percent of the County's water demands by 2025, with the hope of providing 45,000 acre-feet a year in the distant future.⁵ Within contrast, Orange County's Groundwater Replenishment System, which produces more than 100,000 acre-feet a year and has been doing so for years.⁶ The technology is available, the price per acre-foot is lower than the Dam Project, and recycled water adds water to the water supply as opposed to importing water from other parts of the state. Valley Water must move away from the archaic idea of new dams and embrace new technology that will provide a more reliable water future.

³ B.F. Sisk Dam Raise Record of Decision should be approved in 2023, <https://www.usbr.gov/mp/mpr-news/docs/factsheets/sisk.pdf>.

⁴ Los Vaqueros Expansion has already completed the Final EIS/R https://www.usbr.gov/mp/nepa/nepa_project_details.php?Project_ID=903.

⁵ <https://www.valleywater.org/your-water/recycled-and-purified-water>

⁶ <https://www.ocwd.com/news-events/newsletter/2018/august-2018/gwrs-sets-new-record-for-most-water-recycled-in-a-year/>

Chair Varela and Board Members
Santa Clara Valley Water District
March 15, 2023
Page 4 of 4

Thank you for considering this information and please feel free to contact me
(osha@semlawyers.com/james@semlawyers.com, 916-455-7300) with any questions.

Very truly yours,

SOLURI MESERVE
A Law Corporation

By: 
Osha R. Meserve

Michele King

From: Irena Stepanova <irenas@pacbell.net>
Sent: Wednesday, March 15, 2023 10:13 PM
To: Board of Directors; Clerk of the Board
Subject: Comment of Pacheco Dam project

***** This email originated from outside of Valley Water. Do not click links or open attachments unless you recognize the sender and know the content is safe. *****

Dear Members of the Board:

I live in Mountain View, right next to the so called "retention basin" which is used for the sunken baseball field.

Let me tell you - we have seen two extremely wet seasons since the basin was constructed, and so far nothing happened.

I can't imagine more "wet" season that this one we are living through right now.

All I can say - Valley Water spent \$50,000,000.00+ million on absolutely nothing, for no reason at all!

And yes, Mountain View baseball team could play and exercise at the grade level.

And now you are trying to convince everybody that you really need Pacheco Dam project?

Why?

Stop wasting our money please!

Irena Stepanova,
Registered Architect

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SANTA CLARA & SAN BENITO COUNTIES
Building Trades
The outstanding workforce

Santa Clara & San Benito Counties Building & Construction Trades Council

2102 Almaden Road Suite 101 San Jose, CA 95125-2190 · Phone 408.265.7643 · info@scbtc.org

March 15, 2023

David Bini
Executive Director
Brett Davis
President

Chair Varela and members of the Board,

On behalf of the Santa Clara & San Benito Counties Building & Construction Trades Council representing 24 affiliates and over 35,000 members, I write to express our strong support for the Pacheco Reservoir Expansion Project – and its feasibility.

As you know, this proposed expansion project will deliver much-needed water storage by providing a 140,000-acre-foot facility for our region. Water is life and the infrastructure that preserves its abundant quantity and quality is essential to both the health and economic vitality of Santa Clara Valley.

In 2021, we experienced what a disappearing snowpack meant for the water supply for Silicon Valley. Our region was in a water shortage emergency and begging for emergency water transfers. Although the situation has changed due to much-needed rains, we could find ourselves in the same situation sooner, rather than later without adequate water storage.

Pacheco Reservoir will be a place to store water when it rains as much as what we have just experienced. It is possible that if the Pacheco Dam were in place last week, a portion of the peak flows might have been kept out of the Pajaro River. This could have lessened the impact on the vulnerable levy that failed, and unfortunately flooded the Pajaro community.

In addition, the Pacheco Project would not only provide thousands of well-paid construction jobs for our members, but it would also establish new, high-quality habitat for the threatened South Central Coast Steelhead Trout along Pacheco Creek.

Securing water supply for residents and the environment is exactly what California voters supported with Proposition 1 in 2014. The Pacheco Project has been awarded over \$500 million dollars in funding from an outside source, this is an opportunity we cannot turn our backs on.

We urge the Board to continue its work on studying the feasibility of this proposed critical project – with environmental benefits, economic benefits, and water supply and water storage benefits.

Sincerely,

David Bini
Executive Director

Boilermakers 549
Brick & Tile 3
Carpet & Linoleum 12
Cement Masons 400
Electricians 234
Electricians 332
Elevator Constructors 8
Glaziers 1621
Heat & Frost Insulators 16
Iron Workers 377
Laborers 67
Laborers 270
Operating Engineers 3
Painters District Council 16
Painters & Tapers 507
Plasterers 300
Plumbers & Steamfitters 393
Roofers 95
Sheet Metal Workers 104
Sign, Display 510
Sprinkler Fitters 483
Sprinkler Fitters 669
Teamsters 853
UA Local 355

Affiliated with:

State Building and
Construction Trades
Council of California
California Labor Federation,
AFL-CIO
California Labor C.O.P.E.
South Bay AFL-CIO
Labor Council



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Michele King

From: agroecology@aol.com
Sent: Thursday, March 16, 2023 7:24 AM
To: Board of Directors
Subject: Tday's Baord Meetng on Pacheco DAM

***** This email originated from outside of Valley Water. Do not click links or open attachments unless you recognize the sender and know the content is safe. *****

Dear VWD board members

Defunding the environmentally unsound Pacheco Dam could free up funds for a variety of other projects such as programs to help unhoused residents along the various creeks and the Guadalupe River in the south bay.

Les Kishler
Resident and taxpayer Santa Clara Valley Water Distict

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March 15, 2023

Via email: board@valleywater.org

Chair and Members of the Board
Santa Clara Valley Water District
5700 Almaden Expressway
San Jose, California 95123

RE: March 16, 2023 Special Meeting, Agenda Item 2.4, Pacheco Reservoir Expansion, Project # 91954002

Dear Chair and Board:

This is an excellent time to reassess Santa Clara Valley Water District (SCVWD) plans and eliminate consideration of Pacheco Reservoir Expansion (Pacheco). Pacheco is a high cost, high risk project—with a current cost of almost \$3 billion, potentially reaching \$6 billion or more, with water at \$18,800 per acre-foot (af)—that doesn't guarantee increased water supply. The only certainty for this project is that costs will continue to rise under the well-recognized precept for such projects: “over budget, over time, over and over again.”

Pacheco has not yet been subject to a rigorous cost-benefit analysis—important given rising rate projections for the project. Nor does it respect the ratepayers and taxpayers that would have to fund this project. Indeed, a disproportionate impact is likely to fall on those less able to pay, as has occurred under previous regressive SCVWD taxes (such as Measure S in 2020).

A recent CEO bulletin reports that over \$62,138,984 has been spent on Pacheco as of February 2023. Those millions would have been better spent on implementing appropriate water recycling, maintenance of supply infrastructure and the use of stormwater, which sources of supply are local, drought-proof, reliable, minimize our carbon footprint and can be sustained over the long-term.

With drought and climate change, water does not accumulate reliably behind dams—clear from the past few years and the status of the largest Colorado River reservoirs, Lakes Powell and Mead that are only 23% and 28% full as of 3/13/23.

It is time for SCVWD to increase its pursuit of local projects for water instead of seeking yet more water from the Delta—in violation of the Delta Reform Act that calls for reducing reliance on the Delta.

The Pacheco billions could be spent on such important timely projects as:

- Using cheaper groundwater:
 - Groundwater use is a cheaper alternative to surface storage (Stanford research shows groundwater costs 5-9 times less than surface water storage; groundwater banks could provide water at \$400 to \$600 per af, as compared to Pacheco's \$18,800 per af);
 - Groundwater storage saves water; reservoirs lose water to evaporation: About 2 million acre-feet/year (maf/y) are lost each year to evaporation from reservoirs and canals in California, equaling about one-third of the yearly urban 6.6 maf/y use;

- Raising existing Bay Area dams: Los Vaqueros Reservoir expansion, at a 90% design phase and projected to be completed by 2030, already has partners and is estimated to cost ~\$980 M (in 2022 dollars) to \$1.25 B; a Sisk Dam raise at San Luis Reservoir could likewise save millions of dollars in comparison with Pacheco. SCVWD has no partners for Pacheco, which may end up saddling our public with Pacheco's extraordinary project costs.
- Increasing reuse and recycling:
 - Orange County Water District's (OCWD) expansion of its wastewater reuse facility will produce about 112,000-145,600 acre-feet/year (afy). SCVWD has only minimal plans for reuse—up to 24,000 afy potable/purified reuse by 2040 with an additional 25,000 afy of NPR by 2045 (current 17,000 afy NPR).
 - Districts around California, (from San Fernando Valley, to LA/OCWD, to Healdsburg) are recycling wastewater at record levels. SCVWD, if it followed suit, could replace a significant amount of the 110,300 to 170,000 afy that it expects to import (using calendar year 2023 supply figures) with sustainable water. Dry year supplies that SCVWD hopes to obtain from Pacheco would instead come from forward-looking recycling projects.
 - Additionally Orange County Sani District has pioneered a high temperature, high pressure process that will remove bacteria and PFAS, rendering water safe from dangerous microbes, plastics and chemicals, a project that SCVWD could do here. <https://www.latimes.com/socal/daily-pilot/news/story/2023-02-04/o-c-sanitation-demo-that-will-kill-forever-chemicals-turn-waste-into-water-electricity>
- Increasing natural flood protection: Land could be purchased to promote safe flood zones around streams—saving both lives and property and providing recharge zones. (San Jose residents experienced devastating floods a few years ago.)

Not only would the costly Pacheco expansion fail to drought-proof our county or bring new water sources, but it would be subject to the downsides of dams that the 21st century now recognizes:

- water loss through evaporation;
- capacity loss from siltation;
- significant greenhouse gas production contributing to climate change;
- toxic algae buildup;
- high cost to build, then repair (and possibly remove); and
- declining fish populations, as dams block access to spawning areas.

We ask the SCVWD to cease its pursuit of Pacheco Reservoir Expansion. It is not beneficial for our county.

Respectfully,

Alan and Meg Giberson



Santa Clara Valley Water District

File No.: 23-0281

Agenda Date: 3/16/2023
Item No.: 3.1.

NON-EXHIBIT/CLOSED SESSION ITEM

SUBJECT:

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Pursuant to Government Code Section 54956.9(d)(1)

Stop the Pacheco Dam Project Coalition v. Santa Clara Valley Water District (Santa Clara Co. Superior Court, Case No. 22CV399384)

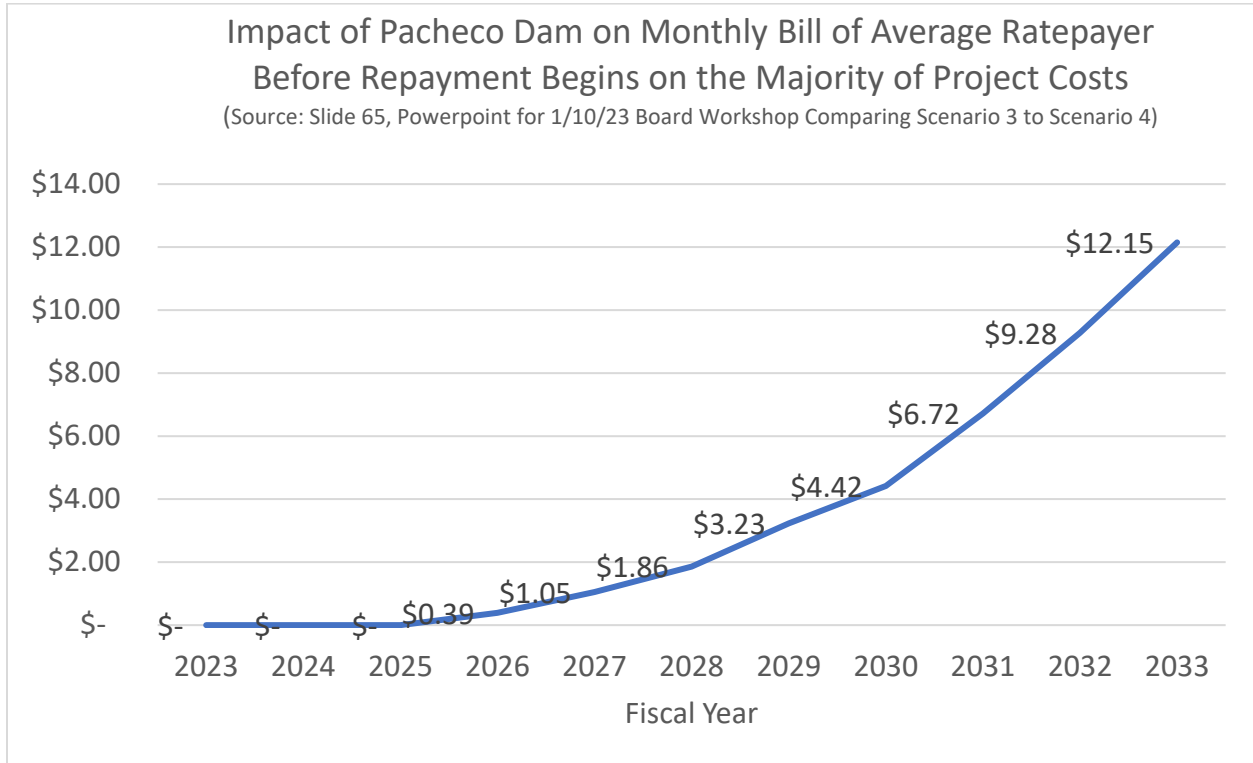
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EXHIBIT 2

Valley Water CIP Understates and Obscures Ratepayer Impacts of Pacheco Dam

Dr. Jeffrey Michael

February 21, 2023



Valley Water's Rate Increase Projections for Pacheco Dam in the CIP are Understated and Deceptive.ⁱ

- Valley Water staff projections show average monthly costs will increase by \$12.15 per month, \$145.80 annually by 2033, before dam construction is complete and WIFIA loan repayments start. The full impact will likely be 2-3 times higher once all project costs are being repaid.
- Truncating analysis to 2033 cuts off all of the impacts of repaying the WIFIA loans, which would finance the majority of Valley Water's Pacheco Dam costs.
 - WIFIA interest payments for Pacheco would not begin until 2033, and principal payments would not begin until 2052.
- Baseline scenario inaccurately assumes that less than half of the cost of building Pacheco dam will come from Valley Water rate increases by assuming unidentified partners to cover 35% of costs with another 20% covered by a State Proposition 1 grant.
- Cumulative rate increases obscured by only showing annual changes.
- The construction cost of the dam are about \$1,500 per capita within Valley Water's service area, before including the cost of capitalized interest and other financing costs.
- Without Pacheco Dam, Anderson Dam retrofits and other necessary CIP projects could spread ratepayer costs out more, mitigating rate increases projected over the next 10 years.

Sources: Board Agenda exhibits for December 10, 2022 and January 5, 2023 meetings.

Santa Clara County's Cost-of-Living Crisis

- Total monthly bills for Santa Clara County residents are the highest in the United States.ⁱⁱ
- Overall cost of living in San Jose is estimated to be 215% above the U.S. average.ⁱⁱⁱ
- A record 56% of Silicon Valley residents say they plan to leave in the next few years with 84% citing the cost of living as the main reason they plan to move.^{iv}
- Tens of thousands of Santa Clara Valley households are delinquent on their water bills at current rates according to the State Water Resources Control Board and San Jose Water Company. The number of unpaid bills is sure to grow higher if Valley Water imposes rate increases for Pacheco dam.

Against this backdrop, lowering the cost of living should be the primary focus of every public official in Santa Clara County. Instead, Valley Water is considering committing billions of ratepayer dollars to a dam its own staff describes as the costliest and riskiest option in their master plan.^v

ⁱ SCVWD April 12, 2022 Meeting. Attachment 2

ⁱⁱ <https://www.doxo.com/insights/regional-bill-comparison/>

ⁱⁱⁱ https://www.bestplaces.net/cost_of_living/city/california/san_jose.

^{iv} <https://jointventure.org/images/stories/pdf/sv-poll-2021-report.pdf>

^v SCVWD October 22, 2021 Special Meeting, Agenda item 4.

Valley Water Staff Truncated Rate Analysis Hides Full Ratepayer Impacts of Pacheco Dam
 Analysis Ends in 2033, twenty years before principal payments begin under proposed WIFIA financing.

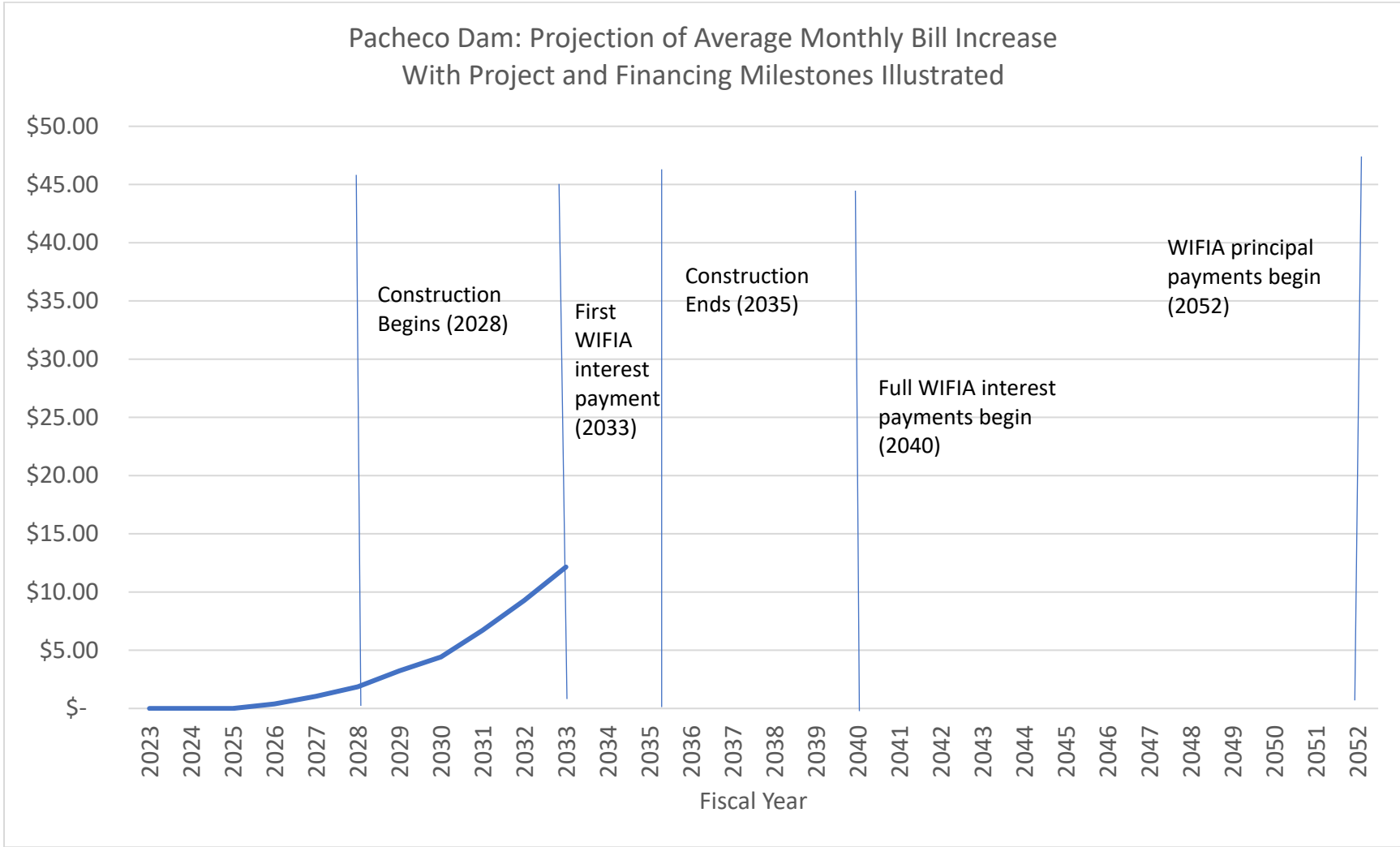


EXHIBIT 3

DEPARTMENT OF WATER RESOURCES

P.O. BOX 942836
SACRAMENTO, CA 94236-0001
(916) 653-5791



November 1, 2021

Mr. Christopher Hakes, Deputy Operating Officer
Dam Safety and Capital Delivery
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118

Pacheco Dam, Proposed
Santa Clara County

Dear Mr. Hakes:

This is the Division of Safety of Dams' (DSOD) response to the Santa Clara Valley Water District's (Valley Water) design concept submittals for the proposed Pacheco Dam. Valley Water's submittals, dated March 1, 2021, March 16, 2021, and August 25, 2021, sought DSOD's review and approval of the feasibility of constructing a "hardfill" dam at the preferred upper dam site. For the reasons set forth below, DSOD is unable to approve Valley Water's concept.

DSOD has completed its review of the submitted documents (list enclosed). These submittals define a hardfill dam as a symmetrical gravity dam constructed of cemented materials utilizing construction methods similar to Roller Compacted Concrete (RCC). Hardfill materials generally do not meet industry requirements for RCC mixtures, such as using lower quality aggregates with greater fines content (0.075 mm and smaller particles). According to the submittals, Pacheco Dam would be of similar design.

As proposed, Pacheco Dam would be the largest hardfill dam in the United States, standing at a height of 326-feet with 140,000 acre-feet of storage. A key aspect of DSOD's review has been the design, construction, and performance history of hardfill dams in the United States and elsewhere. However, given the short history (less than 20 years) and limited documentation for this type and size of dam, sufficient information is not readily available. With this limitation, DSOD cannot agree with Valley Water and its consultants that hardfill dams have proven adequate performance based on the lack of documented negative performance.

As discussed in a meeting with you and your staff on October 27, 2021, DSOD has identified major issues that lead us to reject the hardfill dam concept. A complete list of major comments is enclosed. The most critical issue, which was identified during your consultant's (AECOM) Probable Failure Mode (PFM) workshop, is the potential degradation of hardfill over time in the presence of water. This negative factor is identified numerous times in the screening of PFMs, but it was considered remote. However, a lack of research and limited performance history leave large uncertainties as to whether this factor is remote. This compounds the risk since the potential for water to interface with the hardfill cannot be fully mitigated, especially at the interface between the dam and foundation.

Mr. Hakes
November 1, 2021
Page 2

Although risk reduction measures could be incorporated into the design, the adequacy and longevity of any risk reduction measure would be unknown. The ability to monitor the dam's performance would be limited in areas such as at the contact between the dam and its foundation. As such, if deficiencies do manifest after significant progression, intervening actions may not be adequate to prevent a catastrophic failure of the dam.

Additionally, the lack of well-documented case histories, cohesive design standards, and independent research regarding hardfill dams and their long-term performance poses unacceptable risks for public safety. Finally, the suitability of the hardfill as a robust dam design cannot be accepted by DSOD based on these factors and assumptions that may prove incorrect in time as the performance of this dam type is better understood.

The upper dam site preferred by Valley Water remains a feasible site to construct a dam, such as an earthfill dam, but this site does have noted geologic issues that will need to be addressed for any dam type. The concern of site-specific fault rupture and the associated unknowns will remain until the foundation is excavated or fully explored via a trench. Additionally, the adverse bedding in the right abutment and potential for differential settlement between the adjacent geologic units will need to be further evaluated. Any dam constructed at this site will need to be designed to accommodate all uncertainties reliably to mitigate the risks associated with the extremely high downstream consequence associated with a dam of the proposed size.

If you have any further questions or comments, please contact Design Engineer Ashley Moran at (916) 565-7850 or Project Engineer Christopher Dorsey at (916) 565-7846.

Sincerely,



Sharon K. Tapia, P.E.
Division Manager
Division of Safety of Dams

Enclosures

California Natural Resources Agency
DEPARTMENT OF WATER RESOURCES
DIVISION OF SAFETY OF DAMS
November 1, 2021

Enclosure 1

The list of documents submitted by Valley Water that DSOD reviewed for determining the acceptability of a hardfill dam at the proposed Pacheco Dam site follows:

1. Hardfill Dam Workplan Pacheco Reservoir Expansion Project, by AECOM, Inc., Stantec, and GEI Consultants, dated March 11, 2021.
2. Evaluation of Hardfill Dam Technical Memorandum Pacheco Reservoir Expansion Project, by AECOM, Inc., Stantec, and GEI Consultants, dated March 15, 2021.
3. Project Alternatives Assessment Technical Memorandum Pacheco Reservoir Expansion, by AECOM, Inc., Stantec, and GEI Consultants, dated March 2021.
4. DRAFT Assessment of Regional and Local Faulting, Pacheco Reservoir Expansion Project, Santa Clara County, California, by Lettis Consultants International, Inc., dated September 10, 2020.
5. Assessment of Local and Site-Specific Faulting, Pacheco Reservoir Expansion Project, Santa Clara County, California, by Lettis Consultants International, Inc. dated February 12, 2021.
6. Reservoir Rim Landslide Inventory Mapping near the Proposed Pacheco Reservoir Expansion Project, Santa Clara County, California, by Lettis Consultants International, Inc. dated March 2, 2021.
7. Pacheco Reservoir Expansion Project (PREP): Workshop materials from PFM workshop, by AECOM, Inc., Stantec, and GEI Consultants, dated August 25, 2021.

California Natural Resources Agency
DEPARTMENT OF WATER RESOURCES
DIVISION OF SAFETY OF DAMS
November 1, 2021

Enclosure 2

The following is DSOD's list of major comments with respect to the proposed hardfill dam at the Pacheco Dam site (upper or lower):

1. Long-term performance data for hardfill dams of the proposed size are not available to adequately support the proposition of a hardfill dam of such extreme consequence. The dynamic properties of hardfill are not well studied or known, and there are no records showing that the select hardfill dams of a similar or larger size have been subjected to dynamic loading close to their design loads. The documentation by AECOM regarding seismic history are based on estimates rather than direct measurements. The conclusion that hardfill dams have adequate performance because there has been no documentation of negative performance is potentially unconservative given the limited history (less than 20 years) for dams of this type and size under extreme loads.
2. In AECOM's review of potential failure modes (PFMs), a negative factor for many of the PFMs is the possibility that hardfill can degrade over time in the presence of water. We find this to be the most critical issue because water may be able to access the hardfill in multiple locations, and some locations may not be detectable. To date, thorough and complete research on this issue has not been performed, and it would take significant time to completely understand. However, this issue cannot be disregarded and is the crux of further issues below.
3. A grout curtain will not fully prevent seepage below or around the dam, and seepage is likely to permeate the dam at the foundation contacts and potentially cause hardfill degradation. The degradation of hardfill in existing dams is currently unknown and the appropriate research would need to be conducted to mitigate any potential risks.
4. The aggregates will be variable on site, which would increase the potential for hardfill to degrade over time if areas of concentrated seepage occur. While multiple mix designs will be developed, not every property of the hardfill will be understood, and the global variability may cause internal flaws or fractures that cannot be predicted or analyzed before construction. Additionally, adequate mixing will be a challenge with many aggregates exceeding 10-percent fines content. While a liner as proposed would protect the dam, we note that liners do degrade with time and environmental conditions (reservoir cycling, weather, etc.).

Enclosure 2

5. The potential for larger units of shales to abut sandstone units creates a potential for differential settlement below the dam. While structurally, the dam may be able to adequately bridge this condition, water would be more likely to access the interface reducing friction resistance, increasing uplift on the dam, and providing a pathway for seepage into and possible degradation of the hardfill or erosion of the foundation that may be undetectable.
6. Considering the adverse bedding and zones of open fractures in the proposed right abutment and the relatively narrow footprint of the hardfill dam, there is a risk of instability and seepage that could result in failure at that abutment. A dam with a larger footprint, like an earthfill dam, would better mitigate the risk of abutment failure by increasing seepage path lengths and improving the ability to capture and monitor for seepage.
7. The site-specific fault rupture evaluation does not adequately demonstrate absence of active faults in the dam foundation. Any planar, laterally continuous bedrock faults or shear zones exposed in the foundation during construction will be considered conditionally active and a possible rupture hazard if their attributes are reasonably consistent with the current tectonic regime. If a shear is encountered, conclusive proof of inactivity will be difficult to achieve given the apparent absence of Quaternary deposits greater than 35,000 years old.

EXHIBIT 4



Pacheco Reservoir



SCVWD Water Reliability Program WIFIA Loan Application

Title: Sources and Uses of Funds
Table for the Water Reliability Program

File Name: C.1_Water Reliability Program
Sources and Uses

Description: Tables showing the sources and
uses of funds for the Water Reliability Program

April 2022

EPA WIFIA APPLICATION 2022

Sources & Uses of Funds Table (Section C.1. of Application)

COMBINED - PACHECO AND ANDERSON PROJECTS

TOTAL PROJECT (ALL LOANS)

Sources Category	Estimated Dollar Value
1. WIFIA Loan (cannot exceed 49% of eligible costs) ¹	\$ 1,974,941,097
2. Revenue Bonds	375,231,033
3. SRF Loan	-
4. Borrower Cash	1,016,285,008
5. Previously Incurred Eligible Costs*	159,893,514
6. Other (please specify) <i>WSIP Prop 1 Funding</i>	504,141,383
TOTAL SOURCES	\$ 4,030,492,035
Uses Category	Estimated Cost
1. Construction	\$ 2,596,249,106
2. Design	146,103,081
3. Planning	90,013,700
4. Land Acquisition	47,559,633
5. Other Capital Costs ²	503,569,239
6. Contingency	645,997,276
7. Total Capital Costs	\$ 4,029,492,035
8. Financing Costs ³	1,000,000
9. Ineligible Costs (if applicable) ⁴	-
10. Other (please specify) <i>Click or tap here to enter text.</i>	-
11. Other (please specify) <i>Click or tap here to enter text.</i>	-
TOTAL USES	\$ 4,030,492,035

EPA WIFIA APPLICATION 2022

Sources & Uses of Funds Table (Section C.1. of Application)

COMBINED - PACHECO AND ANDERSON PROJECTS

LOAN #1 (NON-CONSTRUCTION ONLY)

Sources Category	Estimated Dollar Value
1. WIFIA Loan (cannot exceed 49% of eligible costs) ¹	\$ 386,044,370
2. Revenue Bonds	73,346,911
3. SRF Loan	-
4. Borrower Cash	86,930,238
5. Previously Incurred Eligible Costs*	159,893,514
6. Other (please specify) <i>WSIP Prop 1 Funding</i>	81,630,620
TOTAL SOURCES	\$ 787,845,653
Uses Category	Estimated Cost
1. Construction	\$ -
2. Design	146,103,081
3. Planning	90,013,700
4. Land Acquisition	47,559,633
5. Other Capital Costs ²	503,569,239
6. Contingency	-
7. Total Capital Costs	\$ 787,245,653
8. Financing Costs ³	600,000
9. Ineligible Costs (if applicable) ⁴	-
10. Other (please specify) <i>Click or tap here to enter text.</i>	-
11. Other (please specify) <i>Click or tap here to enter text.</i>	-
TOTAL USES	\$ 787,845,653

EPA WIFIA APPLICATION 2022

Sources & Uses of Funds Table (Section C.1. of Application)

COMBINED - PACHECO AND ANDERSON PROJECTS

LOAN #2 (CONSTRUCTION ONLY)

Sources Category	Estimated Dollar Value
1. WIFIA Loan (cannot exceed 49% of eligible costs) ¹	\$ 1,588,896,727
2. Revenue Bonds	301,884,123
3. SRF Loan	-
4. Borrower Cash	929,354,769
5. Previously Incurred Eligible Costs*	-
6. Other (please specify) <i>WSIP Prop 1 Funding</i>	422,510,763
TOTAL SOURCES	\$ 3,242,646,382
Uses Category	Estimated Cost
1. Construction	\$ 2,596,249,106
2. Design	-
3. Planning	-
4. Land Acquisition	-
5. Other Capital Costs ²	-
6. Contingency	645,997,276
7. Total Capital Costs	\$ 3,242,246,382
8. Financing Costs ³	400,000
9. Ineligible Costs (if applicable) ⁴	-
10. Other (please specify) <i>Click or tap here to enter text.</i>	-
11. Other (please specify) <i>Click or tap here to enter text.</i>	-
TOTAL USES	\$ 3,242,646,382

*Previously Incurred Eligible Costs are project related costs incurred prior to the WIFIA loan’s execution. Please see the WIFIA Program Handbook for additional information on Eligible Costs.

¹ Not inclusive of Capitalized Interest which is being proposed as part of the loan structure.

² Includes project management, construction management, and engineering services during construction costs.

³ Includes only estimated fees (i.e., application and credit processing) payable to EPA/WIFIA and costs for legal and profesional services provided to Valley Water regarding this LOI and loan application/closing. Does not include debt service or other financing costs related to any short- or long-term debt of Valley Water.

⁴ Valley Water intends for the project to comply with WIFIA requirements.

EPA WIFIA APPLICATION 2022

Sources & Uses of Funds Table (Section C.1. of Application)

PACHECO RESERVOIR EXPANSION PROJECT

TOTAL PROJECT (ALL LOANS)

Sources Category	Estimated Dollar Value
1. WIFIA Loan (cannot exceed 49% of eligible costs) ¹	\$ 1,449,308,257
2. Revenue Bonds	275,362,863
3. SRF Loan	-
4. Borrower Cash	673,075,200
5. Previously Incurred Eligible Costs*	55,884,250
6. Other (please specify) <i>WSIP Prop 1 Funding</i>	504,141,383
TOTAL SOURCES	\$ 2,957,771,954
Uses Category	Estimated Cost
1. Construction	\$ 1,982,797,800
2. Design	84,203,885
3. Planning	47,178,086
4. Land Acquisition	22,635,513
5. Other Capital Costs ²	324,837,220
6. Contingency	495,699,450
7. Total Capital Costs	\$ 2,957,351,954
8. Financing Costs ³	420,000
9. Ineligible Costs (if applicable) ⁴	-
10. Other (please specify) <i>Click or tap here to enter text.</i>	-
11. Other (please specify) <i>Click or tap here to enter text.</i>	-
TOTAL USES	\$ 2,957,771,954

EPA WIFIA APPLICATION 2022

Sources & Uses of Funds Table (Section C.1. of Application)

PACHECO RESERVOIR EXPANSION PROJECT

LOAN #1 (NON-CONSTRUCTION ONLY)

Sources Category	Estimated Dollar Value
1. WIFIA Loan (cannot exceed 49% of eligible costs) ¹	\$ 234,762,285
2. Revenue Bonds	44,603,910
3. SRF Loan	-
4. Borrower Cash	62,225,639
5. Previously Incurred Eligible Costs*	55,884,250
6. Other (please specify) <i>WSIP Prop 1 Funding</i>	81,630,620
TOTAL SOURCES	\$ 479,106,704
Uses Category	Estimated Cost
1. Construction	\$ -
2. Design	84,203,885
3. Planning	47,178,086
4. Land Acquisition	22,635,513
5. Other Capital Costs ²	324,837,220
6. Contingency	-
7. Total Capital Costs	\$ 478,854,704
8. Financing Costs ³	252,000
9. Ineligible Costs (if applicable) ⁴	-
10. Other (please specify) <i>Click or tap here to enter text.</i>	-
11. Other (please specify) <i>Click or tap here to enter text.</i>	-
TOTAL USES	\$ 479,106,704

EPA WIFIA APPLICATION 2022

Sources & Uses of Funds Table (Section C.1. of Application)

PACHECO RESERVOIR EXPANSION PROJECT

LOAN #2 (CONSTRUCTION ONLY)

Sources Category	Estimated Dollar Value
1. WIFIA Loan (cannot exceed 49% of eligible costs) ¹	\$ 1,214,545,972
2. Revenue Bonds	230,758,953
3. SRF Loan	-
4. Borrower Cash	610,849,561
5. Previously Incurred Eligible Costs*	-
6. Other (please specify) <i>WSIP Prop 1 Funding</i>	422,510,763
TOTAL SOURCES	\$ 2,478,665,249
Uses Category	Estimated Cost
1. Construction	\$ 1,982,797,800
2. Design	-
3. Planning	-
4. Land Acquisition	
5. Other Capital Costs ²	-
6. Contingency	495,699,450
7. Total Capital Costs	\$ 2,478,497,249
8. Financing Costs ³	168,000
9. Ineligible Costs (if applicable) ⁴	-
10. Other (please specify) <i>Click or tap here to enter text.</i>	-
11. Other (please specify) <i>Click or tap here to enter text.</i>	-
TOTAL USES	\$ 2,478,665,249

*Previously Incurred Eligible Costs are project related costs incurred prior to the WIFIA

¹ Not inclusive of Capitalized Interest which is being proposed as part of the loan structure.

² Includes project management, construction management, and engineering services during construction costs.

³ Includes only estimated fees (i.e., application and credit processing) payable to EPA/WIFIA and costs for legal and professional services provided to Valley Water regarding this LOI and loan application/closing. Does not include debt service or other financing costs related to any short- or long-term debt of Valley Water.

⁴ Valley Water intends for the project to comply with WIFIA requirements.

EPA WIFIA APPLICATION 2022

Sources & Uses of Funds Table (Section C.1. of Application)

ANDERSON DAM SEISMIC RETROFIT, COYOTE CREEK FISH PROTECTION, AND COYOTE PERCOLATION DAM PROJECT

TOTAL PROJECT (ALL LOANS)

Sources Category	Estimated Dollar Value
1. WIFIA Loan (cannot exceed 49% of eligible costs) ¹	\$ 525,632,840
2. Revenue Bonds	99,868,170
3. SRF Loan	-
4. Borrower Cash	343,209,808
5. Previously Incurred Eligible Costs*	104,009,264
6. Other (please specify)	-
TOTAL SOURCES	\$ 1,072,720,082
Uses Category	Estimated Cost
1. Construction	\$ 613,451,306
2. Design	61,899,197
3. Planning	42,835,613
4. Land Acquisition	24,924,120
5. Other Capital Costs ²	178,732,019
6. Contingency	150,297,827
7. Total Capital Costs	\$ 1,072,140,082
8. Financing Costs ³	580,000
9. Ineligible Costs (if applicable) ⁴	-
10. Other (please specify) Click or tap here to enter text.	-
11. Other (please specify) Click or tap here to enter text.	-
TOTAL USES	\$ 1,072,720,082

EPA WIFIA APPLICATION 2022

Sources & Uses of Funds Table (Section C.1. of Application)

ANDERSON DAM SEISMIC RETROFIT, COYOTE CREEK FISH PROTECTION, AND COYOTE PERCOLATION DAM PROJECT

LOAN #1 (NON-CONSTRUCTION ONLY)

Sources Category	Estimated Dollar Value
1. WIFIA Loan (cannot exceed 49% of eligible costs) ¹	\$ 151,282,085
2. Revenue Bonds	28,743,001
3. SRF Loan	-
4. Borrower Cash	24,704,599
5. Previously Incurred Eligible Costs*	104,009,264
6. Other (please specify)	-
TOTAL SOURCES	\$ 308,738,949
Uses Category	Estimated Cost
1. Construction	\$ -
2. Design	61,899,197
3. Planning	42,835,613
4. Land Acquisition	24,924,120
5. Other Capital Costs ²	178,732,019
6. Contingency	-
7. Total Capital Costs	\$ 308,390,949
8. Financing Costs ³	348,000
9. Ineligible Costs (if applicable) ⁴	-
10. Other (please specify) Click or tap here to enter text.	-
11. Other (please specify) Click or tap here to enter text.	-
TOTAL USES	\$ 308,738,949

EPA WIFIA APPLICATION 2022

Sources & Uses of Funds Table (Section C.1. of Application)

ANDERSON DAM SEISMIC RETROFIT, COYOTE CREEK FISH PROTECTION, AND COYOTE PERCOLATION DAM PROJECT

LOAN #2 (CONSTRUCTION ONLY)

Sources Category	Estimated Dollar Value
1. WIFIA Loan (cannot exceed 49% of eligible costs) ¹	\$ 374,350,755
2. Revenue Bonds	71,125,170
3. SRF Loan	-
4. Borrower Cash	318,505,208
5. Previously Incurred Eligible Costs*	-
6. Other (please specify)	-
TOTAL SOURCES	\$ 763,981,133
Uses Category	Estimated Cost
1. Construction	\$ 613,451,306
2. Design	-
3. Planning	-
4. Land Acquisition	-
5. Other Capital Costs ²	-
6. Contingency	150,297,827
7. Total Capital Costs	\$ 763,749,133
8. Financing Costs ³	232,000
9. Ineligible Costs (if applicable) ⁴	-
10. Other (please specify) Click or tap here to enter text.	-
11. Other (please specify) Click or tap here to enter text.	-
TOTAL USES	\$ 763,981,133

*Previously Incurred Eligible Costs are project related costs incurred prior to the WIFIA loan’s execution. Please see the WIFIA Program Handbook for additional information on Eligible Costs.

¹ Not inclusive of Capitalized Interest which is being proposed as part of the loan structure.

² Includes project management, construction management, and engineering services during construction costs.

³ Includes only estimated fees (i.e., application and credit processing) payable to EPA/WIFIA and costs for legal and professional services provided to Valley Water regarding this LOI and loan application/closing. Does not include debt service or other financing costs related to any short- or long-term debt of Valley Water.

⁴ Valley Water intends for the project to comply with WIFIA requirements.