



Meeting Minutes

Meeting of the California Water Commission

Wednesday, May 21, 2025

California Natural Resources Building

715 P Street, 1st Floor Auditorium

Sacramento, California 95814

Beginning at 9:30 a.m.

1. Call to Order

Commission Chair Fern Steiner called the meeting to order at 9:30 a.m.

2. Roll Call

Commissioners Bland, Curtin, Gallagher, Hurt, Makler, Matsumoto, and Steiner were present, constituting a quorum. Commissioner Solorio attended remotely.

3. Acknowledgement of California Native American Tribal Governments

This is an opportunity for elected Tribal leaders and formally designated Tribal representatives to identify themselves and to specify the agenda item(s) on which they will comment, as described in the Commission's California Native American Tribal Leadership Comment Policy. No Tribal leaders or representatives asked to comment.

4. Approval of April 16, 2025, Meeting Minutes

Commissioner Bland motioned to approve the April 16, 2025, meeting minutes. Commissioner Gallagher seconded the motion. All Commissioners present voted to approve the minutes.

5. Executive Officer's Report

Executive Officer Laura Jensen reported on the engagement and participation numbers from the April Commission meeting. She said the Commission will tour the Harvest Water Program as part of its June meeting. Executive Officer Jensen also updated the Commission on changes to the Water Storage Investment Program (WSIP) regulations and said staff will be bringing the proposed regulation changes to the August Commission meeting for consideration.

6. Commission Member Report

Commissioner Makler reported that he toured the Edmonston Pumping Plant on May 7th with Department of Water Resources (DWR) staff.

7. Public Testimony

Public comment from Ben King, who said his family has been farming in Colusa County since the 1860's and sent Commission staff a historical deed to the land. Mr. King said he entered into an agreement with the Natural Resources Conservation Services to convert 235 acres of property

into wetlands. Mr. King reiterated his support for the Sites Reservoir Project but noted his objection regarding the project's proposed use of the Dunnigan Pipeline, stating that it should not be used exclusively for conveyance. He said the Tehama-Colusa Canal was not built at the time of the Colusa Reservoir's initial application, and the Dunnigan Pipeline could not have been conceived at that point either. Mr. King said the Sites project's initial WSIP application did not anticipate using the Dunnigan Pipeline, rather it would use the Colusa Basin drain for conveyance and it was only after the project was downsized in 2021 that the Dunnigan Pipeline was added. Mr. King said he does not believe the project is fully thought through and, for environmental purposes, the water in the Colusa region should continue to flow naturally down the Colusa Trough.

8. Consideration of Action on a Resolution of Necessity for the Salton Sea Management Program (Action Item)

Commission Legal Counsel Holly Stout reminded Commissioners that they heard a briefing on the Salton Sea Management Program (SSMP) in late 2024 and encouraged Commissioners to ask questions.

DWR Environmental Program Manager Melinda Dorin provided an overview of the SSMP and the specific project for which DWR is requesting the Resolution of Necessity (RON), the Species Conservation Habitat Project (SCH), including its proposed expansion and preliminary design. Ms. Dorin also provided information on the SSMP's environmental compliance.

Attorney from DWR's Office of General Counsel Cathy Cavanaugh provided an overview of DWR's eminent domain authority and presented evidence to the Commission regarding the specific property DWR was requesting a RON for, including how acquiring the property is necessary to meet the goals of the SCH project. Ms. Cavanaugh also summarized DWR's efforts to work with the landowner.

Commissioner Steiner asked if the project has secured federal funding. Ms. Dorin confirmed that it has.

Commissioner Curtin asked for more information on the SSMP and the SCH project. Ms. Dorin provided more information on the project's history and purpose. Commissioner Curtin asked if the project has anything to do with salinity. Ms. Dorin said DWR is mixing Salton Sea water with new river water and DWR has equipment and staff that are making sure the salinity targets are hit, adding that the project has been designed to account for increasing salinity and the effects of climate change. Commissioner Curtin asked for clarification on the landowner's concerns regarding lithium rights and how long the landowner has owned the property. Ms. Dorin said that the Wilson property is outside the known geothermal resource area. Ms. Cavanaugh said negotiations with the landowner are ongoing, and if the landowner presents additional evidence, DWR can consider it. She also said that DWR has offered to sever the mineral rights on the property, allowing the landowner to keep them in perpetuity.

Commissioner Makler asked for clarification on the dispute between DWR and the landowner, and questioned why DWR needs to pursue an eminent domain proceeding, given that neither the landowner nor their counsel was present at the meeting. Ms. Cavanaugh said that DWR must have a RON in order to proceed with the eminent domain action. She said DWR could have negotiated a settlement if an agreement was reached, but an agreement with the landowner had not been reached, and the landowner had not provided any evidence to contradict DWR's claim of the land's value.

In response to Commissioner Curtin's earlier question, Ms. Cavanaugh said the current landowner inherited the land in a trust from their parents, but the property's status prior to that is unclear.

Commissioner Bland asked how many acres were needed to comply with the project's requirements. Ms. Cavanaugh said 10,000 acres were needed. Commissioner Bland asked if the project would be able to move forward without the inclusion of the property. Ms. Cavanaugh said it would not. Commissioner Bland asked if DWR has proposed an easement for the property. Ms. Cavanaugh said DWR is not interested in pursuing an easement for the property.

Commissioner Matsumoto asked for clarification on the RON cancellation notice referenced in the diary notes. Ms. Cavanaugh said this item was originally scheduled for the April Commission meeting but had to be postponed to the May meeting, and the landowner was notified of the postponement. Commissioner Matsumoto asked why DWR needs to own the property if the status of the property will remain the same after it is acquired. Ms. Cavanaugh said DWR would not be able to construct on the property if they do not have access to do so. Commissioner Matsumoto asked if there will be construction taking place on the property. Ms. Cavanaugh said there would be, and Ms. Dorin added that the parcel would also be located in the middle of a habitat project, so access to the property would be restricted. Ms. Dorin also said that DWR cannot operate a project on land the State does not own, and therefore, in order for the SSMP to operate the project, the State must own the Wilson property. Commissioner Matsumoto said the eminent domain process for the Wilson property appeared to be moving very quickly and asked DWR for further explanation. Allan Davis, supervising right of way and real estate agent for the SSMP, said DWR made the initial offer for the property in December of 2024, and the landowner was notified in March of 2025. Commissioner Matsumoto asked how long the process typically takes. Ms. Cavanaugh said it typically takes a long time and there are two key components: gaining access to the property and then appraising the property. She said although the eminent domain process has started, that does not prevent negotiations from continuing and a resolution can be reached at any time during the process. Commissioner Matsumoto said the conversations with the landowner should have started earlier and asked when the project received the most recent tranche of money. Ms. Cavanaugh said money was received in January.

Commissioner Hurt asked DWR to further explain what would happen if the Commission were to approve the RON. Ms. Cavanaugh said DWR needs the RON to file an eminent domain action and is statutorily required to be represented by the California Attorney General's Office. She

said DWR has been assigned a Deputy Attorney General for the matter. They are hoping to get the documentation filed by July, and will continue to work with the landowners even after the documentation is filed. Following that filing, there will be a calendaring of DWR's request for possession by the court, which is likely to take a few months.

Commissioner Bland asked if the Commission is mandated to make a decision on the RON at the meeting. Ms. Stout said the Commission has the discretion to determine whether to adopt the RON or not. Commissioner Bland asked what impact the Commission delaying a decision on the RON would have on DWR. Ms. Cavanaugh said that doing so would delay DWR's ability to move forward with obtaining an order of possession for the property. Commissioner Bland asked if going to court to obtain the property would undermine the landowner's leverage in the negotiations. Ms. Cavanaugh said going to court would not affect the landowner's leverage, and DWR's preference is to come to an agreement with the landowner. DWR, however, does need to be on the property by December.

Commissioner Curtin motioned to adopt the RON for the property. Commissioner Hurt seconded the motion. Commissioners Curtin, Gallagher, Hurt, Makler, Matsumoto, Solorio and Steiner voted to adopt the RON. Commissioner Bland voted not to adopt it. Motion passed.

9. Water Storage Investment Program: Update on Expected Timelines and Obstacles

WSIP Manager Amy Young provided an update on the progress of projects in the WSIP and an overview of current project timelines and potential obstacles in an effort to track how projects are demonstrating sufficient progress towards securing WSIP funding.

Commissioner Makler suggested that it would benefit the Commission to receive a briefing at an upcoming meeting on the overall context of the necessity for the WSIP projects and the State's water storage needs given factors such as a changing climate and growing state economy. Executive Officer Jensen said that the Commission would be receiving a briefing on the Governor's Water Supply Strategy at the June meeting, which will include a high-level discussion on the WSIP, and emphasized that the Commission meetings are the best forum to discuss those topics. Commissioner Makler said that although there is an awareness of the need for more water storage, the question remains regarding how the State will meet those objectives, and how the WSIP will play into meeting those objectives. Executive Officer Jensen said the State is thinking about how to meet those objectives and the briefing at the June meeting will give the Commission more context. Regarding the WSIP, she said the Commission's role is to consider the public benefits the projects can provide, but that decisions surrounding how each project will advance the State's water supply objectives are being made at local and regional levels.

Commissioner Curtin asked for clarification on the status of the required agreements and the contracts for public benefits for the Sites project, and whether any of those contracts could be expedited. Ms. Young said the Sites project's required agreements are primarily with federal partners, but they will have to negotiate on the public benefits contracts with DWR. Ms. Young also reminded the Commission about Sites' ongoing water rights process. Commissioner Curtin

asked who they are negotiating with on water rights. Ms. Young said Sites is negotiating with the State Water Resources Control Board (SWRCB).

Commissioner Bland asked for clarification on the United States Bureau of Reclamation's (USBR) involvement in the Pacheco project. Ms. Young said the Pacheco project is not receiving any federal funding but the project does require federal agreements and staff had asked Valley Water staff to include information regarding their connections with the USBR in their presentation.

10. Water Storage Investment Program: Pulse Flow Overview

Environmental Program Manager for the WSIP at the California Department of Fish and Wildlife (CDFW) Kristal Davis-Fadtke provided an overview on pulse flows, the benefits they provide for the environment, and CDFW's role in the pulse flow process.

Special Consultant to the WSIP at DWR David Okita provided information regarding what exchanges are needed to facilitate pulse flows, DWR's role in the process, and what agreements are required between the parties in order to implement pulse flows.

Public comment from Ben King, who asked if the Sites project would provide a pulse flow benefit. Ms. Davis-Fadtke said the Sites project had proposed providing pulse flows through the Yolo Bypass to benefit Delta smelt. Mr. King asked if the water for those pulse flows would come through the Dunnigan pipeline. Ms. Davis-Fadtke said the proposal was for water to go through the Colusa Basin drain. Mr. King said his understanding was that the Sites project would take water from the reservoir through the Tehama-Colusa Canal and dump it into the Colusa Basin drain at Bird Creek, an area which historically had problems with mercury contamination. In order to avoid aggravating the contamination problem in that area, Mr. King said the Sites project should pursue a pulse flow through the natural waterway of the Colusa Basin drain.

Public comment from Peter Van Dyke, who agreed with Mr. King's comments regarding mercury contamination and said the Sites project should take those factors into consideration.

Commissioner Makler asked how many acre-feet of water could be dedicated to pulse flows from the three applicable WSIP projects. Ms. Davis-Fadtke said it could be 950,000 acre-feet over a 25-to-50-year period. Commissioner Makler asked for clarification on carriage water. Mr. Okita said carriage water is extra water that must be released from upstream reservoirs to prevent saltwater intrusion into the Delta. Commissioner Makler asked for clarification on the project's ability to implement a pulse flow in a critical water year. Mr. Okita said that in order for DWR to approve a pulse flow in any year they would have to forecast whether there would be enough water in the Oroville Dam to deliver to the State Water Contractors (SWC). In a critically dry year, there would be very little to no water being exported to the SWC partners, and therefore a pulse flow would not be approved if a critical year is forecasted. Commissioner Makler asked how CDFW, DWR, and the WSIP projects are working to resolve the challenge that a project would be able to provide a pulse flow in some years, but not be able to provide

the pulse flow in other years. Ms. Davis-Fadtke said the Chino Basin Program recently conducted an exercise to determine the probability of having a pulse flow over a 25 year period, and the exercise demonstrated that the obligation to provide the pulse flows could be met. She said there could be other opportunities to provide pulse flows that the parties could take advantage of, which would contribute to meeting the total volume needed over the life of the projects.

Commissioner Gallagher asked for clarification on what the right amount of water is to provide benefits for fish. Ms. Davis-Fadtke said the current required minimum flows in the low flow channel are 600 cubic feet per second, and CDFW is working with DWR to determine what the right amount of water is. She said the process will increase survival for fish species.

Commissioner Hurt asked if there are other entities exploring other options aside from pulse flows. Ms. Davis-Fadtke said that as an alternative in recent drought years CDFW has released fish closer to the Bay where there is a higher chance of survival. Commissioner Hurt asked whether there are net water gains. Mr. Okita said there are water gains due to groundwater banks capturing water that may not ordinarily be captured.

Commissioner Matsumoto asked how far downstream the pulse flows will be protected. Ms. Davis-Fadtke said the projects initially proposed having the flows protected by a 1707, but it was determined that flows would be better protected under the Bay-Delta Plan Update. She added that the Healthy Rivers and Landscapes program is working on an accounting methodology which would be utilized for the pulse flows. Commissioner Matsumoto asked for more information on the recurring expenses associated with operationalizing the pulse flows. Mr. Okita said the two primary expenses are the hydropower losses at the Oroville complex and DWR staff time spent on administering the process. He said DWR will need to be reimbursed for costs associated with the WSIP. Commissioner Matsumoto asked whether reimbursement is included in the contracts for public benefits. Mr. Okita said it is not but it is being worked on and could be in the form of an agreement between DWR and the three WSIP projects. Commissioner Matsumoto asked if the ecological benefit would remain the same if only one or two out of the three WSIP projects that provide the pulse flow benefit were to move forward. She also asked for clarification on the supplemental Environmental Impact Report (EIR). Ms. Davis-Fadtke said the benefit would be achieved by each individual project, and if one or two of the projects do not move forward, then the ability to provide a larger pulse flow would be reduced, however a single project could still achieve the benefit. Mr. Okita said the supplemental EIR was structured in a way that would look at all possible scenarios regarding whether or not projects could move forward.

Commissioner Curtin asked if there has been any research done on how climate change could affect the pulse flow process. Ms. Davis-Fadtke said the projects did models on what could be provided under different climate change scenarios in their application, but regardless, variability is expected, and the hope is that there will be opportunities to utilize the water the projects are able to capture and dedicate that water towards the pulse flow benefits.

Executive Officer Jensen said that in addition to hearing a presentation on the Water Supply Strategy at the June meeting, Commissioners will also hear presentations on the Drought Resilience Interagency Partnership (DRIP) Collaborative and the California Salmon Strategy.

The Commission took a fifteen-minute break.

Santa Clara Valley Water District Interim CEO Melanie Richardson made brief remarks on the Pacheco Reservoir Expansion Project and the impacts of climate change. Ms. Richardson noted that Valley Water is investing in multiple water supply and water storage projects, and that an expanded Pacheco Reservoir is an excellent option for the region and would improve Valley Water's operational flexibility to respond to an emergency.

11. Water Storage Investment Program: Chino Basin Program Update

Inland Empire Utilities Agency (IEUA) Director Steven Elie provided opening remarks on the history and scope of the IEUA, as well as its current challenges. Mr. Elie also spoke on the IEUA's partners and progress that had been made on the Chino Basin Program (CBP). He noted that the project's opponents have claimed the project exports water, which he said is false. Mr. Elie said the project is an exchange to create local water supplies. He also said several agreements have been negotiated and signed and that IEUA remains committed to seeing the project through.

IEUA General Manager Shivaji Deshmukh provided an overview of the CBP, including its facilities and operations in Southern California.

IEUA CBP Manager Elizabeth Hurst provided an update on the program, including the status of the public benefit contracts and other required agreements. Ms. Hurst also provided an update on the project's funding, noting that costs have increased since development began. Ms. Hurst also discussed the status of the project's environmental permitting, summarized major milestones the project has reached, and noted the project's next steps.

Public comment from Randall Reed, President of the Cucamonga Valley Water District, who emphasized his support for the CBP and said the project would allow the region to make better use of local reclaim water, in addition to providing the pulse flow benefit. Mr. Reed asked the Commission to continue their support of the project.

Commissioner Bland asked for clarification on IEUA's agreement with the Metropolitan Water District of Southern California (MET) and if the project would take water from the Colorado River. Ms. Hurst confirmed the project will not take water from the Colorado River and said the agreement with MET is a one-for-one exchange. Rather than buying water, MET would roll off their imported water purchases and release it as a pulse flow. Commissioner Bland asked if there is a floor or ceiling on the amount of water. Ms. Hurst said the project would store 15,000 acre-feet per year for a total of 375,000 acre-feet.

Commissioner Makler asked for clarification on the status of the project's entitlement and scope for the physical build out. Mr. Deshmukh said the largest part of the construction will be the advanced treatment facility, for which land had been secured. He said IEUA was working on the location for the extraction and replenishment wells, which will be crucial for the project's design and cost. Commissioner Makler asked if the project cost presented was developed solely by IEUA. Mr. Deshmukh confirmed it was and said IEUA would be recommending entering into a contract with a design engineer and contractor, which would lead to a guaranteed price and would then solidify the project cost. Commissioner Makler said he expects there to be a substantial benefit to rate payers, and IEUA must figure out how to meet its obligations to those rate payers. Mr. Deshmukh agreed and said a significant amount of revenue is being offset by the rates of their customer agencies.

Commissioner Curtin asked for clarification on project costs. Mr. Deshmukh said the Covid-19 pandemic caused significant inflation relating to project materials and created a volatile market, which heavily impacted the estimated project costs.

Commissioner Gallagher asked if the project is estimating operational costs post construction and if the carriage credit has a dollar value. Mr. Deshmukh said current estimates are strictly for construction costs and depending on what the carriage credit is, the project would allocate those costs over a certain amount of water. Ms. Hurst said the value of the carriage credit depends on the amount of water the project partners need to perform and whether they are able to sell that water to recover their costs.

Commissioner Hurt asked for more information on the project's community engagement, specifically if the project is aware of any risks associated with engagement that will delay project progress. Mr. Deshmukh said they have found the public is receptive to potable reuse and emphasized the success of IEUA's recycled water program. He said IEUA has conducted a proactive outreach campaign and is working to address misinformation about the project. Mr. Elie further explained the work that IEUA has done to engage the community, including hosting public workshops.

Commissioner Matsumoto asked why the project costs are increasing. Mr. Deshmukh said the increases are due to rising construction costs. Commissioner Matsumoto asked for more information on IEUA's increasing financial commitment. Ms. Hurst said the numbers presented are reflected in their 10-year capital improvement plan and represent rising facility costs. Mr. Deshmukh said they have not yet identified how to fund construction, but will be figuring out how to allocate those costs over the next two years. Commissioner Matsumoto asked if the estimated federal funds were adjusted for the current political climate. Ms. Hurst said they were. Mr. Deshmukh said that he and Mr. Elie were recently in Washington D.C. advocating for the protection of those funds.

Commissioner Solorio asked Mr. Elie to speak more on the project's partners, specifically to their level of engagement with the project. Mr. Elie referred to the earlier comments by Randall

Reed and emphasized the positive relationship the CBP has with its partners, including the Fontana Water Company, the city of Pomona, and the Three Valleys Municipal Water District.

The Commission took a thirty-minute lunch break.

12. Water Storage Investment Program: Pacheco Reservoir Expansion Project Update

Santa Clara Valley Water Deputy Operating Officer Ryan McCarter provided brief introductory remarks regarding Valley Water's operations and the importance of the Pacheco project.

Valley Water Engineering Unit Manager Julianne O'Brien provided an overview of the Pacheco project and discussed the project's benefits, a revised project schedule, key milestones, project costs and funding, tribal coordination efforts, and the status of permitting and environmental documents.

Public comment from Mike Avina with Soluri Meserve, a firm that represents the Stop Pacheco Dam Coalition. Mr. Avina said the environmental impacts of the project outweigh the proposed benefits. The coalition maintains that the Pacheco project is not making demonstratable progress and will have negative impacts on important wildlife corridors. Mr. Avina said he believed that Valley Water will also experience delays getting federal permits, specifically under Section 404 of the Clean Water Act.

Public comment from Katja Irvin, Conservation Chair of the Sierra Club's Guadalupe Regional Group, who said the cost estimate for the Pacheco project was outdated, and the next cost estimate is not scheduled to occur until September 2026. Ms. Irvin said possible challenges for the project include geotechnical constraints requiring a more sophisticated design, rising costs to acquire land, environmental mitigation costs, and the development of restoration and flow requirements to achieve public benefits for steelhead fish. She said the Valley Water Board has indicated they could decide on whether to move forward with the project based on the September 2026 cost estimate. Ms. Irvin said the updated project schedule is aggressive and is unlikely to be met. In the project's most recent quarterly report they did not identify any issues that could affect the timing of acquiring necessary permits to begin construction. Ms. Irvin said the presentation did not address the likelihood that the project's environmental documentation will be litigated. Ms. Irvin urged the Commission not to increase the project's Maximum Conditional Eligibility Determination (MCED).

Public comment from Shani Kleinhaus, an environmental advocate for the Santa Clara Valley Bird Alliance who said her organization opposes the Pacheco project. She said if the project is built it will destroy important landscapes, including one of the last sycamore riparian forests. The project would also compete with the Santa Clara Valley Habitat Plan for mitigation sites. Ms. Kleinhaus said they also have concerns about the project curtailing wildlife pathways, and the proposed 200 acre-feet of water that would be allocated to wetlands in below average water years will not be enough water. Ms. Kleinhaus urged the Commission not to promote the Pacheco project.

Public comment from Dana Jacobson, General Manager of the San Benito County Water District, who said they are partners with Valley Water and support the Pacheco project. Mr. Jacobson said his district uses the same facilities that Valley Water uses to receive water deliveries through the San Luis Reservoir and therefore the Pacheco project would allow his district to make the best use of their water. The project would store water during wet years and allow the San Benito district to access the water in critical years to provide emergency supplies. Mr. Jacobson also said the project significantly increases storage south of the Delta and urged the Commission to support the project.

Public comment from Steven DePaschalis, a land use advocate for Save Mount Diablo, who commented on Save Mount Diablo's history and emphasized their opposition to the Pacheco project due to its skyrocketing costs, lack of public benefits, and negative impacts to wildlife habitats. He said the expansion of the reservoir would cause massive wildlife blockage in the region and a portion of Henry Coe State Park would be permanently drowned by the project. He said if lands designated as permanently protected can be flooded, it calls into question the integrity of land protection. Mr. DePaschalis said that nearly 1,800 acres of upland habitat and two breeding ponds that contain federally protected animal species would be negatively impacted by the project. He said the costs of the Pacheco project have risen dramatically and the financial burden of the project will fall on local rate payers.

Public comment from Peter Van Dyke, who said the Pacheco project is volatile and geotechnical work has not yet started. He expressed his concern over the project's loans and what impact that will have on local rate payers. Mr. Van Dyke said local farmers are already at their financial limit and wondered if the benefits of the program will outweigh the damage to the ecology. He also expressed concerns regarding the impact of imported water, the project's lack of coordination with local Tribes, and impacts on the local ecology.

Public comment from Rochelle Beerli, who said the Pacheco project will help curb downstream flooding issues and that farmers will not be able to succeed in the event of catastrophic floods. She said the Pacheco Stormwater District was considering grants to improve passageways for steelhead and urged the Commission to support the Pacheco project.

Public comment from Rebecca Eisenberg, Valley Water Board of Directors, who said she had been prohibited from participating at Board meetings regarding the Pacheco project. Ms. Eisenberg expressed her significant concerns with which the financial aspects of the project have been messaged to the public, the EPA, and the Commission. She said Valley Water's marketed costs are only 65 percent of the total cost, with 35 percent of the cost attributed to project partners, who do not yet exist. She said Valley Water continues to present 100 percent of the project benefits, which is 140,000 acre-feet of storage, but does not account for the 35 percent deduction demonstrated by the project costs. Ms. Eisenberg said the benefits presented should match the costs, which would then only result in 91,000 acre-feet of storage and raises the cost to \$30,000 per acre-foot. She said the Commission should also consider the interest costs, which were at 300 percent because the loans would not be paid off for 30 more years, in addition to other hidden costs.

Commissioner Makler said the Commission is not the governing authority, nor the project proponent, but is an investor of taxpayer money into the project in exchange for the project providing public benefits. He asked if the project could enter into a Memorandum of Understanding (MOU) to complete the EIR and the California Environmental Quality Act (CEQA) processes simultaneously. Ms. O'Brien said they are planning to do the EIR first, but will use that as the basis for the Environmental Impact Statement (EIS) and the two will be worked on simultaneously. Commissioner Makler said he would like to see the timeframe for making a final investment decision on the project. Mr. McCarter said the Valley Water Board will have to decide whether to certify the project's final EIR in 2027, which is an indication of whether the project will move forward. Mr. McCarter also said the Board would have to approve an engineer's report for the 90 percent design build. Commissioner Makler asked when Valley Water will take the project to the Board to commit to the project. Mr. McCarter said he did not have a solid answer but offered that Valley Water does a yearly capital improvement program and has continued to support exploring the possibility of the Pacheco project every year thus far. Commissioner Makler said he had not seen a 2.5 percent discount rate used before. Mr. McCarter said that figure was taken from the 2021 supplemental feasibility documentation and that it would be looked at in their next analysis.

Commissioner Steiner said that getting more information regarding when Valley Water will make a determination regarding the Pacheco project would be helpful and questioned whether the Pacheco project can be cost effective for Valley Water and their rate payers. She expressed concern that the project was not included in the low-cost consideration. She also asked for clarification on the project's coordination with the USBR. Mr. McCarter said Valley Water plans to meet with the USBR in the summer after they have talked to the SWRCB about the Central Valley Project's (CVP) water right implications. Commissioner Steiner asked when the project cost numbers will be updated. Mr. McCarter said they will be updated with the project's next design package, but the 2022 costs did account for markup percentages and estimated inflation. He said they do not foresee any major changes to their next design package other than the extension of the power transmission line, which will affect the EIR. Commissioner Steiner asked if Valley Water is anticipating litigation against the Pacheco project. Mr. McCarter confirmed they are.

Commissioner Gallagher asked what would happen if the USBR does not partner with the project. Mr. McCarter said that would result in a major change regarding the project's ability to store CVP water, and they would have to negotiate other contracts to use SWP water if the USBR is not a project partner.

Commissioner Bland encouraged Valley Water to carefully track the status of their negotiations with the USBR.

Commissioner Matsumoto asked what the San Jose DPR was. Mr. McCarter said it stands for direct potable reuse. Commissioner Matsumoto said Valley Water's lower cost portfolio does not include the Pacheco project and asked whether Valley Water's new study for another water

supply source, a desal facility, is represented in the low-cost portfolio. Vincent Gin, Deputy Operating Officer at Valley Water, said they are conducting a feasibility study to look at the desalination potential of water in the San Francisco Bay. He emphasized the Board's commitment to studying multiple projects and provided more information regarding the San Jose DPR. Commissioner Matsumoto asked for clarification on the portfolio of projects, and if natural synergies exist between them. Mr. Gin said synergies do exist between the projects, and between conveyance, surface storage and groundwater storage. Commissioner Matsumoto said some projects appear to have a higher likelihood of moving forward than others and asked that Valley Water articulate those differences. She said the Valley Water Board's decision being another two or three years out is unacceptable, and she would like to see Valley Water explain what criteria they are using to determine whether the project will move forward. Mr. Gin said Valley Water was an investor in the Los Vaqueros project and was also disappointed it did not move forward. He said they are working diligently to minimize uncertainty and evaluate which projects are best suited to move forward.

Commissioner Hurt reiterated Commissioner Matsumoto's comments and said there needs to be a clear decision point sometime soon and expressed interest in having the project come back to the Commission later this year.

Commissioner Solorio said the Commission should not be at a point where they are ready to reverse their position on a project but emphasized that the Commission needs to see continued progress from the Pacheco project. Commissioner Solorio suggested that staff reach out to the impacted communities and engage with interested parties regarding the opposition to the project. He said that asking for one decision point is difficult on a multi-year project that spans multiple different executives and project updates. Commissioner Solorio suggested the Commission potentially look at other ways of lowering investments where there is not sufficient progress and take a project's viability and local support into account when making those decisions.

Commissioner Steiner asked if the federal government had made a financial commitment to the B.F. Sisk Dam Project. Mr. Gin confirmed the federal government has committed to funding a portion of the project. Commissioner Steiner asked staff to work with Valley Water to schedule another update at a Commission meeting later in the year.

13. Consideration of Items for the Next California Water Commission Meeting

The next meeting is currently scheduled for Wednesday, June 18, 2025, when the Commission will hear from the Drought Resilience Interagency and Partners Collaborative on their work and recommendations regarding drought, receive an update on the Water Supply Strategy, as well as a Salmon Strategy Update from the California Department of Fish and Wildlife, Department of Water Resources, and the State Water Resources Control Board.

14. Adjourn

The Commission adjourned at 2:50 p.m.