October 13, 2025

California Water Commission
901 P Street, Suite 142A
Sacramento, CA 95814

Subject: Reallocation of Pacheco Funds and Proposition 4 Funds for Proposition 1 Water Storage Investment Program (WSIP) Projects

Dear Chair and Commissioners,

We, the representatives of the three groundwater storage/pulse flow Proposition 1 Water Storage Investment Program (WSIP) projects—Inland Empire Utilities Agency (IEUA), the Groundwater Banking Joint Powers Authority (GBJPA), and Southern California Water Bank Authority (SWBA) respectfully request that the California Water Commission (CWC or Commission) carefully and comprehensively review existing public benefit valuations, including the viability of the 2017 adopted least cost alternative assumptions prior to adjusting WSIP regulations.

Our collective goal is to ensure the successful implementation of our projects;

- IEUA's Chino Basin Program,
- GBJPA's Kern Fan Groundwater Storage Project, and
- SCWBA's Willow Springs Water Bank Project

These projects combine to provide over 1.4 million acre-feet of stored water and pulse flows for enhancing survival of the endangered spring-run Chinook salmon population in the Feather River. Because of the innovative nature of these storage programs, they will not only provide ecosystem, water quality and emergency response benefits to the state of California but also provide water supply reliability to the region's that they serve. We believe that these outcomes are in direct alignment with the State's first ever State Water Project Adaptation Strategy which concludes that adding 2 million acre-feet of additional South of Delta (SOD) storage is a critical and key action to address anticipated long-term declines in State Water Project water deliveries due to climate change (State Water Project Adaptation Strategy). Our combined projects are expected to provide over 1.4 million acre-feet of that critical SOD storage.

As you know, storage projects of this scale and complexity require significant capital investment. IEUA, the GBJPA, and the SCWBA have demonstrated how construction costs have continued to escalate far beyond historical averages. While these escalated construction costs have in part been addressed by the Commission through past COLA adjustments to the WSIP Maximum Conditional Eligibility Determination

(MCED) funding awards, we contend that these past adjustments were based upon undervalued public benefits or non-quantified additional benefits associated with the pulse flow projects. Additionally, the COLA adjustments do not fully address the inflationary cost increases in labor, material, equipment, and tariff impacts[1]. As a result, we believe that the adjustments to the pulse flow projects have been disproportionately low relative to the true COLA adjustment that would otherwise be realized.

To that end, IEUA, the GBJPA, and the SCWBA request that the Commission carefully review options for allocating remaining funds from the Pacheco Reservoir Expansion Project and Proposition 4 funds. IEUA, the GBJPA, and the SCWBA respectfully request that the Commission consider this request to allow staff and the projects sufficient time to thoroughly evaluate any potential modifications to the regulations, and associated impacts. We are prepared to provide additional information and support to Commission staff through this process.

We appreciate your consideration of this request. And we remain sincerely committed to maintaining a high degree of continued support to you and your staff to help the WSIP program achieve its goals.

Sincerely,

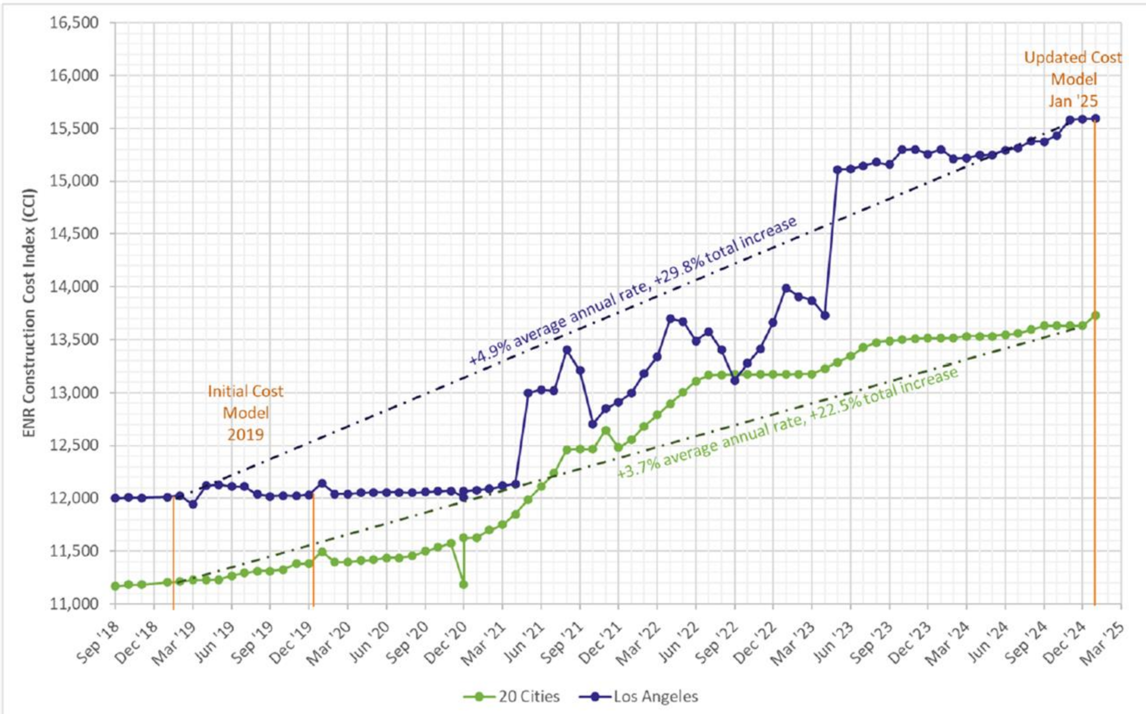
Shivaji Deshmukh, P.E.
General Manager
Inland Empire Utilities Agency

Fiona Nye
Project Manager
Groundwater Banking Joint Powers Authority

Anjanette Shadley
General Manager
Willow Springs Water Bank

[1] Attached (as Attachment 1: Construction Cost Escalation 2019-2025) is a summary of capital construction costs increases from 2019-2025. IEUA, IRWD, and CIM engineering teams continue to track this data closely and could provide more detail if helpful.

Attachment 1: Construction Cost Escalation 2019-2025



- Chart shows Engineering News Record cost indices
- +29.8% increase since 2019
- Model based on January 2025 cost estimates