

## Water Storage Investment Program Quarterly Report

The quarterly reporting covered by this template documents an applicant's progress toward complying with [California Code of Regulations, title 23, section 6013\(d\)](#) in preparation for a final WSIP funding hearing with the Commission. This report also documents any changes to the physical quantity and type of public benefit being provided by the project. Commission staff relies on this report to keep the Commission informed of the project's progress, challenges and timeline. It is expected that each Applicant will be forthright and transparent in its reporting.

Applicants must provide an update of the project status for the requirements and milestones listed below. Applicants may deviate from this fill-in format, however, please provide the information requested in this template. Applicants must ensure this report is consistent with other publicly available project information, such as materials presented to the Applicant's governing body.

### **Project Information**

Project name:

Pacheco Reservoir Expansion Project

Applicant name:

Santa Clara Valley Water District (Valley Water)

Date:

April 31<sup>st</sup>, 2025

Reporting period:

2025 Quarter 1 - January 1<sup>st</sup> through March 31<sup>st</sup>

Provide a brief project description:

A collaboration between Valley Water, the San Benito County Water District and the Pacheco Pass Water District, the Pacheco Reservoir Expansion Project is a strategic and long-term investment toward ensuring a more reliable supply of safe, clean drinking water in the face of climate change.

This project will boost Pacheco Reservoir's operational capacity from 5,500 acre-feet to up to 140,000 acre-feet, enough to supply up to 1.4 million residents with water for one year in an emergency. The project will consist of a new dam, conveyance facilities, and appurtenant infrastructure. Located in southeast Santa Clara County, the expanded reservoir will also reduce the frequency and severity of water shortages during droughts, protect our drinking water supply and infrastructure and improve habitat for fish.

Valley Water has taken into consideration projected future conditions with climate change to ensure that the reservoir is not only viable today but can withstand the changes expected in the future.

Provide a brief description of public benefits:

- Ensures a reliable supply of drinking water
- Provides an emergency supply of drinking water (WSIP Benefit)
- Improves habitat for fish, including federally threatened steelhead (WSIP Benefit)
- Reduces flood risk to disadvantaged communities (incidental benefit)
- Allows for environmental water management that supports habitat projects and other environmental water needs (WSIP Benefit)
- Addresses climate change

Current total project cost:

Construction Cost: \$1.996 Billion - 30% design construction cost estimate (April 2022 dollars)

### **General Update and Key Issues**

Provide a general update and describe any **key issues** that occurred during this reporting period. You may attach additional documents or pages if more space is needed:

Additional environmental field investigations are ongoing. Biological investigations were completed during this quarter; however, Eagle nesting studies will continue through the completion of the Geotechnical Investigations.

Additional CEQA analysis has been performed, and the permit application has been submitted for the Design Level Geotechnical Investigations (DLGI) so that the earthfill dam design can resume. This work was paused on May 22, 2023, pending the additional CEQA analysis and permit application. As part of the CEQA analysis, Valley Water released an Initial Study/Mitigated Negative Declaration for public comment on June 17, 2024. The public comment period closed on July 19. After reviewing these comments, Valley Water decided to move forward with an EIR for the DLGI. Valley Water issued a Notice of Preparation for the draft EIR in October 2024. The draft EIR for public review was released on March 11, 2025. Staff anticipates bringing the final DLGI EIR to the Board for consideration of certification in late summer or early fall of 2025. If approved, the proposed geotechnical work would re-initiate shortly thereafter.

During the reporting period, significant progress was made in advancing non-DSOD project elements to the 60% design level. This included updating calculations, plan sheets, and coordination meetings for access roads, pump stations, and conveyance systems. Additionally, cofferdam design alternatives were revisited due to DSOD comments. The team also worked on incorporating comments from the 30% design into the 60% design and updating design elements not dependent on geotechnical investigations. Specifications were prepared and ongoing updates were made to various design elements. Despite these advancements, delays in starting the DLGI have impacted the overall design schedule.

Due to the number and extent of changes being made to the Project Description, and their related impact analysis, Valley Water is planning to release the recirculated DEIR in mid-2026 for public review and comments. Refinements to power transmission facilities (PG&E) and access road alignments are driving the need for recirculation. It is currently anticipated that the Project's EIR will be brought to the Board for consideration of certification in mid-2027

The revisions to the Project design and additional time needed to complete the environmental analysis as mentioned above will extend the environmental review schedule, start of construction, and subsequent completion of the Project by approximately eighteen months.

Valley Water has been working with US Army Corps of Engineers (USACE) for Project's NEPA compliance. As a first step, USACE needs to complete its Jurisdictional Determination. To help with that task, Valley Water submitted a Draft Aquatic Resources Delineation Report in January and received a request for additional field/remote verifications from USACE. The consultant team is currently working on completing the requested work. Some of the Permission to Enter documents for impacted properties have expired and Valley Water is working on securing extensions to be able to complete this work.

Attach latest project schedule. In addition, describe below how the actual schedule is progressing in comparison to the schedule provided in the last reported schedule:

There are no changes from the schedule submitted for Q4 2024.

Note any milestones or accomplishments that occurred since submittal of the prior Quarterly Report:

Development of the EIR for the Design Level Geotechnical Investigations continued this quarter, and the draft was released for public comment on March 11, 2025. Valley Water and PG&E continue with the Interconnection Agreement.

Note any issues, milestones, or accomplishments projected for the next Quarterly Report:

Completion of the comment period on the EIR for the DLGI.

Provide an update on Tribal consultation, and Tribal and community engagement, if any. Please note any ongoing issues with Tribal communities, including differences of opinion or opportunities to work together:

Desktop and field investigations were completed for the entire study area in late 2024, which included records search, pedestrian surveys, as well as testing and evaluation of identified sites. Valley Water is currently completing the following documentations:

- A comprehensive survey report,
- a comprehensive built environment report,
- a comprehensive archeological testing report,
- and an overview of Historical Resources Summary Report.

Tribes requested completed documentation prior to continuing AB 52 Consultation. Valley Water anticipates providing the complete documentation to the tribes in quarter 2 of 2025 and will resume engagement with the tribes at that time.

### **Items Required Prior to Scheduling a Final Award Hearing**

Provide the date (month/year) that you expect to request a Final Award Hearing from the Commission. Note: the request should be received at least 2 months before the anticipated Final Award Hearing date and after all items required by California Water Code section 79755 are completed:

October 2028

Provide the date (month/year) that you anticipate a Final Award Hearing with the Commission:

January 2029

The following items must be provided prior to scheduling a final award hearing. Please describe the status and include the estimated completion date for the following items. These dates should align with any attached project schedule:

**1. Contracts for non-public benefit cost share:**

List all required contracts for non-public benefit cost share, and provide the amount of associated funds, the status and estimated completion date. Please note any issues or concerns that have, will, or could affect the timing of executing contracts for non-public benefit cost share.

Contract Name	\$ Amount	Status	Est Completion Date
Operating Agreement between San Benito County Water District and Valley Water	TBD	Under development	Dec 2028
Operating Agreement between Pacheco Pass Water District and Valley Water	TBD	Under development	Dec 2028

**2. Contracts for administration of public benefits (CAPB):**

Provide an estimated date when all Draft CAPBs will be complete. The Draft CAPB completion date is when the agreement is ready and available to post for public review at a subsequent Commission meeting:

Early 2028

Provide a status for each applicable administering agency Draft CAPB. Please note any issues or concerns that have, will, or could affect the timing of the Draft CAPBs:

CAPB Admin Agency	Status
CDFW Draft Steelhead Fish Habitat Benefit	Valley Water is working with the State Water Resources Control Board to develop the requirements for the local water right applications. It is anticipated that a meeting with the fish agencies (CDFW and NMFS) and CDFW WSIP administering agency will be held during summer of 2025, which could be the start of the initial CAPB negotiations.  CAPB finalization will be after CEQA and applicable permitting completion, as required by the Statue.
DWR Draft Emergency Response Benefit	Will be completed soon after completion of CAPB for fish benefit to allow for contracting for remaining public benefit for Emergency Response.

Provide an estimated date when all Final CAPBs will be complete. The Final CAPB completion date is when it will be executed:

It is estimated that the Final CAPBs will be completed within 3 to 6 months of draft completion dates provided above, with the final one being May 2028.

Provide a status for each applicable administering agency's Final CAPB. Please note any issues or concerns that have, will, or could affect the timing of executing CAPBs:

CAPB Admin Agency	Status
SWRCB Final	Not Applicable
CDFW Final	Will commence once comments are received on the Draft document.
DWR Final	Will commence once comments are received on the Draft document.

List all public benefits, including quantity of benefit (e.g., acres of habitat, acre-feet of water for pulse flows, etc.):

Benefits	Description and Quantity of Benefits – Information provided using 2021 Supplemental Feasibility Documentation provided to CWC.
<b>Ecosystem improvement – Pacheco Creek</b>	<p>Primary Objective: Increase suitable habitat in Pacheco Creek for federally threatened SCCC steelhead through improved water temperature and flow conditions.</p> <ul style="list-style-type: none"> <li>• 146 percent increase in Steelhead Cohort Score in future conditions</li> <li>• Provides adult attraction pulse flows for SCCC steelhead</li> <li>• 1.8 miles of new stream channel habitat.</li> </ul>
<b>Ecosystem Improvement – San Joaquin River Watershed</b>	<p>Secondary Objective: Develop water supplies for environmental water needs at IL4 wildlife refuges to support habitat management in the Delta watershed. 2,000 AF net increase in Incremental Level 4 water deliveries to San Joaquin River watershed refuges in below normal years.</p>
<b>Emergency Response</b>	<p>Primary Objective: Increase water supply reliability and system operational flexibility to help meet M&amp;I and agricultural water demands in Santa Clara and San Benito Counties during drought periods and emergencies, or to address shortages due to regulatory and environmental restrictions. 107,160 AF net increase in regional surface storage (Pacheco Reservoir and Valley Water's surface reservoirs) and groundwater storage (North County Santa Clara Subbasin) in future (2030) conditions.</p>
<b>Recreation</b>	Not applicable
<b>Flood reduction</b>	Non-monetized incidental benefit provided by the Project operations.

Indicate if there are any anticipated changes to the benefit or quantity of the benefit since the original application and whether these changes affect the cost allocation:

No changes are from 2021 Feasibility Documentation is anticipated at this time. As numerical models are updated, Valley Water will indicate any potential changes to the benefits.

### 3. Completed feasibility studies:

Completion Date:

Feasibility documentation was completed in November 2021

**4. Complete environmental documentation:**

Provide the status and estimated completion date for all required environmental documentation (draft and final) for the project, including all Board resolutions adopting or certifying CEQA environmental documents, CEQA findings, mitigation monitoring and reporting program, Notice of Determination (NOD), and CEQA Addenda, and all NEPA completion documents, including the Record of Decision (ROD). Please note any issues or concerns that have, will, or could affect the timing of providing complete environmental documentation at the state or federal level.

<b>Environmental Document</b>	<b>Status</b>	<b>Est Completion Date</b>
State Document	Draft: The Draft Environmental Impact Report (DEIR) was published in November 2021. Planning for the Recirculated Draft Environmental Impact Report (RDEIR) has started. Additional data collection in support of the document is ongoing.	Summer 2026
	Final:	Summer 2027
	NOD:	
Federal Document	Draft: Planning process with the US Army Corps of Engineers for the NEPA compliance has been initiated.	Summer 2026
	Final:	Summer 2027
	ROD:	

**5. All required federal, state, and local approvals, certifications, and agreements:**

List permits needed for project to begin construction, describe status in acquiring them, and include estimated date to be acquired. Please note any issues or concerns that have, will, or could affect the timing of acquiring all federal, state, and local approvals, certifications, agreements, and permits necessary to begin project construction.

<b>Approvals / Certifications / Agreements / Permits</b>	<b>Status</b>	<b>Est Date Acquired</b>
Section 404 permit	Pending discussions with USACE on requirements. Project meetings with USACE participation in quarter 1 2025 were: 2/3/2025 - Pacheco Reservoir Expansion Project – Interagency Workshop 26 2/26/2025 - Pacheco Reservoir Expansion Project Workshop 26 - Part II 2/27/2025 - Workshop 26 baseline assumptions follow-up	November 2028
Caltrans encroachment permit	Coordination with Caltrans on finalizing design option is in progress.	November 2028
Section 401 water quality certification permit	Pending discussions with RWRCB on requirements	November 2028

Approvals / Certifications / Agreements / Permits	Status	Est Date Acquired
USFWS/NMFS BA processing	Working with USFWS/NMFS as part of the inter-agency workshops to identify the conditions of the permit  Project meetings with USFWS/NMFS participation in quarter 1 2025 were: 2/3/2025 - Pacheco Reservoir Expansion Project - Interagency Workshop 26 2/26/2025 - Pacheco Reservoir Expansion Project Workshop 26 - Part II	November 2028
USACE section 106 processing	Pending discussions with USACE on requirements	November 2028
CSWRCB water rights petition processing	Working with Regional Board staff on identifying the requirements for the permits	November 2028
CDFW section 1600 streambed alteration agreement and ITP application and issuance	Working on the design of the restoration and will initiate discussions on agreement requirements once the restoration design is complete	November 2028
CARB/EPA air quality permit	Working on design analysis and will initiate discussions on permit requirements once the analysis is complete	November 2028
Santa Clara County Planning Office grading permit	Pending completion of design	December 2028
Santa Clara County Roads and Airport Department encroachment permits	Pending completion of design	December 2028
Mitigation and monitoring plan	Pending completion of Draft RDEIR	Summer 2026
LSAA and 401 NOA for design level geotechnical investigations	A 401 NOA amendment was completed. The LSAA, needs to be amended or new applications submitted, as the existing LSAA Agreement has expired. An application was started for the amendments but has been put on hold pending the completion of the CEQA process.	June 2025

## **Items Required to Execute a Funding Agreement**

Provide an update on the following documents needed to execute a funding agreement for the project and indicate if any significant change has occurred. The Commission may request updated information prior to executing a funding agreement.

	<b>Status</b>	<b>Significant Change?</b>
Applicant's audited financial statements	Update Project financial statements will be provided later as part of the Final Funding Agreement process. Valley Water is reviewing financial statements internally on a quarterly basis in preparation of future submittals.	N/A
Final project costs, schedule, and scope of work	Next Project cost update will be provided at the completion of the 60% Design Phase. The Project schedule has been updated to account for the impacts of the delay in completing the DLGI.	18-month delay
Evidence of bilateral communications with operators and owners of potentially impacted facilities regarding potential impacts of the proposed project to their facilities	Communication with impacted parties (Reclamation, SBCWD, PPWD) is ongoing. Detailed descriptions of the communications will be provided later in the Final Funding Agreement process.	No
Limited waiver of sovereign immunity	Valley Water is continuing to consult with the Amah Mutsun Tribal Band through the informal consultation process. As mentioned above, per the tribe's request, the consultation is on hold until the cultural resources document is completed. It is anticipated that this document will be completed and provided to the Amah Mutsun Tribal Band in Q2.	No

## **Status Update**

Provide a status update for the following and indicate if any significant change has occurred. The Commission may request updated information prior to executing a funding agreement.

	<b>Status</b>	<b>Significant Change?</b>
Labor Compliance	<p>The State of California Department of Industrial Relations has determined prevailing wages for certain categories of workers. Some Valley Water solicitations may include the requirement to pay prevailing wages.</p> <p>Valley Water and the Santa Clara and San Benito Counties Building and Construction Trades Council entered into a Project Labor Agreement (PLA) on January 11, 2022. The PLA applies to Valley Water public works projects with an engineer's estimate, or a cumulative awarded bid amount, that exceeds two million dollars (\$2,000,000).</p>	No

	<b>Status</b>	<b>Significant Change?</b>
Urban Water Management Plans	Every five years, urban water suppliers in California are required by State law to prepare an Urban Water Management Plan (UWMP). Valley Water's 2020 UWMP is its most recent update. Valley Water's 2020 UWMP documents current and projected water supplies and demands over the next 25 years during normal and drought years, as well as water reliability analysis and conservation efforts. The plan provides an overall picture of current and future water conditions and management in Santa Clara County. 2025 UWMP is currently under internal review and will be released sometime in 2025.	No
Agricultural Water Management Plans	Not applicable	N/A
Potential effect on other conditional eligible projects on the applicant's public benefits	Not applicable	N/A

## Other Pertinent Information:

### 1. Sources of Funding

List sources of funding (e.g., Federal, State grants, local partnerships, rate payers, loans...) to move the project to construction and provide the associated amount of funds from that source and a status of obtaining that funding source below:

Funding Sources	\$ Amount	Status	Est Completion Date
WSIP Early Funding	\$24,200,000	\$24,199,999.75 has been expended, including final invoice. Final payment, to include retention, was received on 9/17/2024	December 2023
WSIP Final Funding	\$504,141,383	Pending Final Funding Agreement	Early 2029
EPA WIFIA Loan	\$1.48 Billion	WIFIA Master Loan Agreement of \$1.4 Billion from EPA will be spread between 10 loans over 8 years. \$92 million WIFIA loan for planning and design approved by EPA on October 30, 2023.	Late 2028
Local Partnerships	35% of cost	Valley Water is in the early stages of discussion with various entities for up to 35% partnership.	Summer 2027
Valley Water Ratepayers	\$2,749,313,000 (Total Project Cost with Inflation in the CIP)	The total Project Cost is currently approved in Valley Water's budget as part of the Capital Improvement Program (CIP). The Project will be funded and financed through the Water Utility Fund with revenue from water ratepayers.	

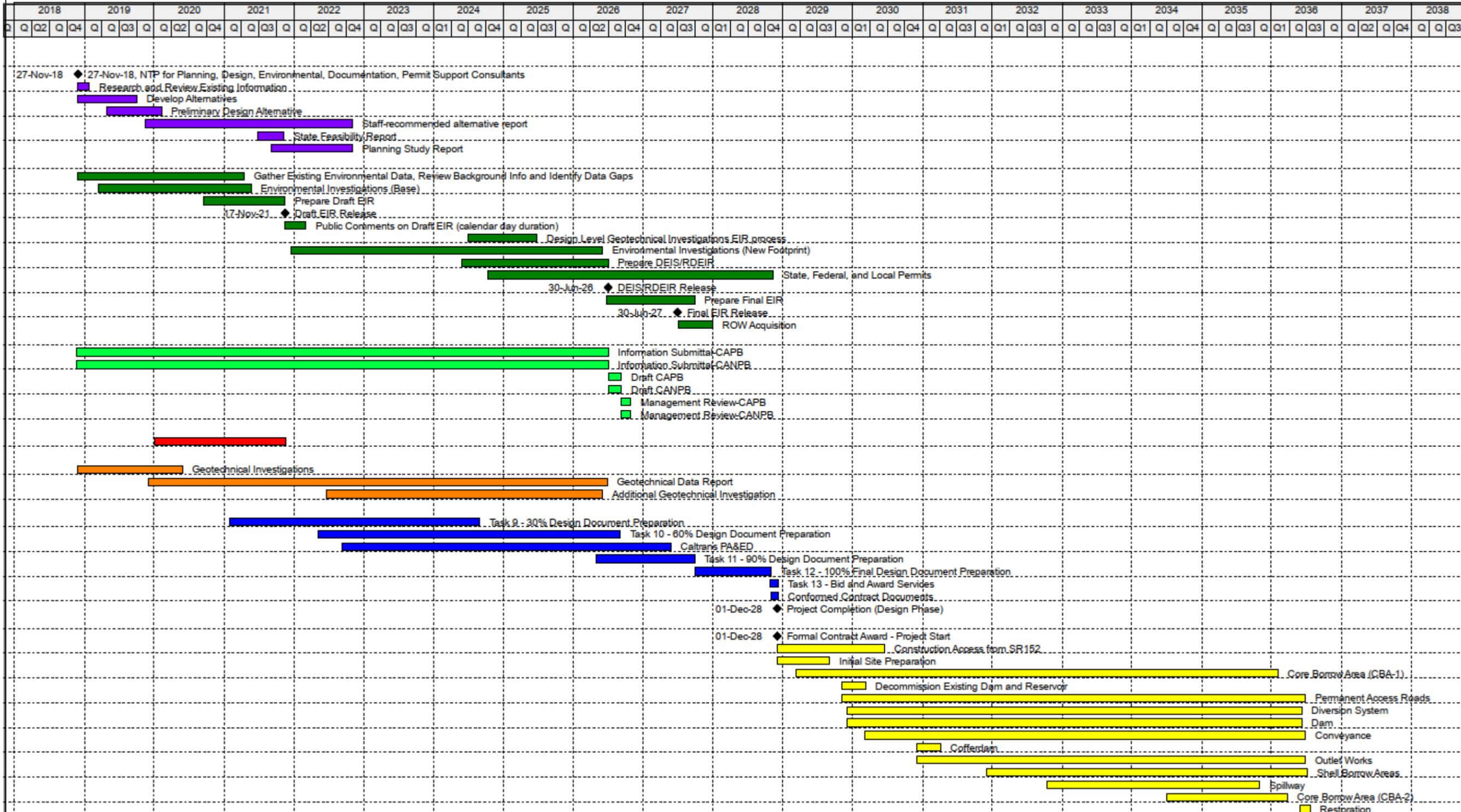
### 2. Early Funding Agreement Status

Provide the status of the Early Funding Agreement (EFA), as applicable, and the percentage of EFA funds expended. If the EFA has been closed, describe how the remaining work needed to move the project to a final award hearing will be financed.

Status	Percentage of EFA funds expended
The EFA final reimbursement report has been finalized. The final report was submitted to CWC in August 2024 and the close out letter was provided to Valley Water on September 6, 2024, with the retention payment received on September 17, 2024. To move the project to a final award hearing, the work will be financed through Valley Water's Water Utility Fund and WIFIA loans.	100%



PREP - Summary, Schedule, for CWC Coordination



■ Construction   
 ■ Feasibility Study   
 ■ Environmental   
 ■ Geotechnical  
■ Design Development   
 ■ Planning   
 ■ Benefits Agreements   
 ◆ Milestone