

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:

October 31, 2025

Reporting period:

2025 Quarter 3 - July 1st through September 30th

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:

On August 26, 2025, Valley Water's Board of Directors voted to suspend all current efforts in the development of the Project. The decision was based on several challenges, including rising costs, longer timelines for environmental reviews, uncertainty in regulations and complex permitting processes.

Valley Water's Board of Directors also directed the Interim CEO to take the necessary steps to withdraw its WSIP application for the Project and develop a Project closure plan. Valley Water subsequently withdrew from the Water Storage Investment Program in September.

Prior to the Board decision, staff had completed the final Environmental Impact Report for the Design Level Geotechnical Investigations (DLGI) and had been prepared to bring it to the Board for approval.

During the reporting period, continued progress was made in advancing non-DSOD project elements to the 60% design level. This includes incorporating comments from the 30% design into the 60% design and updating design elements not dependent on geotechnical investigations. All design work was stopped in response to the Board decision.

Similarly, environmental compliance work, to include the Recirculated Draft EIR, was stopped in August in response to the Board decision.

Valley Water had been working with Regional Water Resources Control Board for local water rights water availability analysis and bypass flow determinations. A meeting to provide the modeling results to CDFW and NMFS occurred on August 1, 2025, prior to the Board decision.

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:

The project schedule is suspended after the Valley Water Board Decision.

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

The DLGI Final EIR was completed prior to the suspension of the project.

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

Valley Water has withdrawn the Project from the program.

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 reviewing the following documentations:

- Archaeology Survey Report
- Archaeology Excavation Report (archaeological evaluation)
- Archaeology Built Environment Report
- Archaeology Historic Properties Inventory Report

Tribes requested completed documentation prior to continuing AB 52 Consultation for PREP. Valley Water anticipates providing the complete documentation to the tribes in 2025 as part of the project close out. Additionally, Valley Water will coordinate with the tribes and land-owners regarding next steps for archived cultural resources as part of the project close out.

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:

Valley Water has withdrawn the Project from WSIP.

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

Valley Water has withdrawn the Project from WSIP.

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	Agreement is no longer needed since the Project has been suspended.	N/A
Operating Agreement between Pacheco Pass Water District and Valley Water	TBD	Agreement is no longer needed since the Project has been suspended.	N/A

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:

Valley Water has suspended the Project.

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 was working with the State Water Resources Control Board to develop the requirements for the local water right applications. A meeting with the fish agencies (CDFW and NMFS) and CDFW WSIP administering agency was held August 1. Valley Water Board of Directors voted to suspend the Project on August 26, 2025.
DWR Draft Emergency Response Benefit	Work was halted in response to the Valley Water Board of Directors decision to suspend the Project on August 26, 2025.

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

N/A Valley Water Board of Directors voted to suspend the Project on August 26, 2025

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	Valley Water Board of Directors voted to suspend the Project on August 26, 2025
DWR Final	Valley Water Board of Directors voted to suspend the Project on August 26, 2025

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.
Ecosystem improvement – Pacheco Creek	Primary Objective: Increase suitable habitat in Pacheco Creek for federally threatened SCCC steelhead through improved water temperature and flow conditions. • 146 percent increase in Steelhead Cohort Score in future conditions • Provides adult attraction pulse flows for SCCC steelhead • 1.8 miles of new stream channel habitat.

Ecosystem Improvement – San Joaquin River Watershed	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.
Emergency Response	Primary Objective: Increase water supply reliability and system operational flexibility to help meet M&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.
Recreation	Not applicable
Flood reduction	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:

Valley Water Board of Directors voted to suspend the Project on August 26, 2025

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.

Environmental Document	Status	Est Completion Date
State Document	Draft: Work has halted in response to Valley Water Board of Directors decision to suspend the Project on August 26, 2025	N/A
	Final:	N/A
	NOD:	N/A
Federal Document	Draft: Work has halted in response to Valley Water Board of Directors decision to suspend the Project on August 26, 2025	N/A
	Final:	N/A
	ROD:	N/A

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.

Approvals / Certifications / Agreements / Permits	Status	Est Date Acquired
Section 404 permit	Work has halted in response to Valley Water Board of Directors decision to suspend the Project on August 26, 2025	N/A
Caltrans encroachment permit	Work has halted in response to Valley Water Board of Directors decision to suspend the Project on August 26, 2025.	N/A
Section 401 water quality certification permit	Work has halted in response to Valley Water Board of Directors decision to suspend the Project on August 26, 2025	N/A
USFWS/NMFS BA processing	Work has halted in response to Valley Water Board of Directors decision to suspend the Project on August 26, 2025	N/A
USACE section 106 processing	Work has halted in response to Valley Water Board of Directors decision to suspend the Project on August 26, 2025	N/A
CSWRCB water rights petition processing	Work has halted in response to Valley Water Board of Directors decision to suspend the Project on August 26, 2025	N/A
CDFW section 1600 streambed alteration agreement and ITP application and issuance	Work has halted in response to Valley Water Board of Directors decision to suspend the Project on August 26, 2025	N/A
CARB/EPA air quality permit	Work has halted in response to Valley Water Board of Directors decision to suspend the Project on August 26, 2025	N/A
Santa Clara County Planning Office grading permit	Work has halted in response to Valley Water Board of Directors decision to suspend the Project on August 26, 2025	N/A
Santa Clara County Roads and Airport Department encroachment permits	Work has halted in response to Valley Water Board of Directors decision to suspend the Project on August 26, 2025.	N/A
Mitigation and monitoring plan	Work has halted in response to Valley Water Board of Directors decision to suspend the Project on August 26, 2025	N/A

Approvals / Certifications / Agreements / Permits	Status	Est Date Acquired
LSAA and 401 NOA for design level geotechnical investigations	Work has halted in response to Valley Water Board of Directors decision to suspend the Project on August 26, 2025	N/A

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.

	Status	Significant Change?
Applicant's audited financial statements	Work has halted in response to Valley Water Board of Directors decision to suspend the Project on August 26, 2025	N/A
Final project costs, schedule, and scope of work	Work has halted in response to Valley Water Board of Directors decision to suspend the Project on August 26, 2025	No
Evidence of bilateral communications with operators and owners of potentially impacted facilities regarding potential impacts of the proposed project to their facilities	Work has halted in response to Valley Water Board of Directors decision to suspend the Project on August 26, 2025	No
Limited waiver of sovereign immunity	Work has halted in response to Valley Water Board of Directors decision to suspend the Project on August 26, 2025	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.

	Status	Significant Change?
Labor Compliance	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. Valley Water and the Santa Clara and San Benito Counties Building and	No

	Status	Significant Change?
	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).	
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	Valley Water has formally withdrawn from WSIP	
EPA WIFIA Loan	\$1.48 Billion	Valley Water is working with EPA to cancel the WIFIA Loans	
Local Partnerships	35% of cost	Work has halted in response to Valley Water Board of Directors decision to suspend the Project on August 26, 2025	
Valley Water Ratepayers	\$2,749,313,000 (Total Project Cost with Inflation in the CIP)	Work has halted in response to Valley Water Board of Directors decision to suspend the Project on August 26, 2025	

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.	100%



PREP - Summary, Schedule, for CWC Coordination

