

**DEPARTMENT OF WATER RESOURCES**

1416 NINTH STREET, P.O. BOX 942836  
SACRAMENTO, CA 94236-0001



May 21, 2018

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

**RE: Proposition 1 Water Storage Investment Program Findings**

Dear Mr. Yun:

We are pleased with the progress the California Water Commission (Commission) has achieved in reaching another important milestone in the implementation of the Proposition 1 Water Storage Investment Program (WSIP). The Department of Water Resources (DWR) is committed to its continued partnership with the Commission to invest \$2.7 billion toward critically needed water storage projects that provide tangible public benefits to ecosystems, flood control protection, emergency response capabilities, and the overall effectiveness of our water infrastructure across the state.

DWR appreciates the leadership of the Commission and the diligent work of Commission staff in coordinating the technical review team consisting of DWR, California Department of Fish and Wildlife, and State Water Resources Control Board staff. As directed, DWR is submitting its findings for the recreation, flood control, and emergency response physical benefits based on the information provided by each applicant in their application, the technical review of that information, and the Commission's formal appeal process.

We appreciate the difficult decisions recently made by the Commission in determining which projects are eligible to move forward in this competitive process. DWR looks forward to the upcoming milestones and our ongoing role of providing the Commission expert technical review and support.

Sincerely,

A handwritten signature in black ink that reads "Karla A. Nemeth".

Karla A. Nemeth  
Director

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May 21, 2018

Mr. Joseph Yun  
Executive Officer  
California Water Commission  
Post Office Box 942836  
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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.

Changes in the amount of public benefits may occur from the time of DWR's findings to the time an applicant enters into an agreement with DWR to provide the claimed benefits to the public. Prior to entering into this agreement with the applicant, DWR shall confirm that any modified public benefits continue to meet all the requirements of WSIP Program and other applicable laws and regulations.

In August 2017, DWR staff began review of the Pacheco Reservoir Expansion (PRE) Project's application for claimed flood control, recreation, and emergency response monetized public benefits. By February 2018, DWR staff had reviewed the Project's application and provided CWC staff with a recommendation to accept, adjust or remove the applicant's claimed physical benefits from the initial public benefit ratio (PBR). These recommendations along with recommendations from the California Department of Fish and Wildlife and State Water Resources Control Board were distributed to the applicant and the public by CWC staff. Applicant appeals to the initial recommendations were submitted to the CWC in late February 2018. DWR staff then reviewed the applicant's appeal information for the DWR-related benefits and provided final recommendations for the PRE Project's monetized public benefits to CWC staff. The CWC released all reviewer responses to the applicant and the public on April 20, 2018.

Pursuant to WSIP Regulations, DWR staff has determined findings for the following verified monetized public benefit: Emergency response.

### **Emergency Response:**

The Santa Clara Valley Water District (applicant) stated that water would be made available in such declared emergencies as a Delta disruption, earthquake induced disruption, and in a drought emergency. The applicant stated that the increase in the long-term average storage in Pacheco Reservoir Expansion (PRE) Project would make available 100% of the increased water supplies to an emergency. The PRE Project would make approximately 86,000 acre-feet (AF) available for an emergency response event. The applicant stated that this volume may be greater due to the high quality of water which could be blended with the lower quality (higher salinity) water from the State Water Project water. The applicant also stated that if during emergency operations, the supply interruption is declared an imminent risk to essential public health and safety, the applicant may proceed with an emergency drawdown of Pacheco Reservoir below 55,000 AF to meet those needs.

The applicant provided details regarding the change to normal operations of the proposed project following an emergency by stating that the operations and the actual effects of the reservoir level depend on the emergency and that emergency response operations would affect the project's normal operations and could reduce benefits in the years following the emergency event.

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.

The applicant's proposed project would not violate Water Code section 11590 as it does not take or destroy any part of the line or plant of any common carrier railroad, other public utility, or state agency or the appurtenances thereof, either in the construction of any dam, canal, or other works, or by including the same within the area of any reservoir.

The PRE project is classified as regional surface storage project. The PRE project does not adversely affect, including its free-flowing character, any river afforded protection pursuant to the California Wild and Scenic Rivers Act (Pub. Resources Code, § 5093.50 et seq.).

Lastly, the applicant has provided a cost allocation breakdown where the funds allocated exclude all costs of environmental mitigation measures or compliance obligations. Additionally, the application makes no reference to or includes any environmental mitigation measures or existing compliance obligations related to the claimed emergency response benefits.

**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.).**

Sincerely,

A handwritten signature in black ink, appearing to read "Karla A. Nemeth". The signature is fluid and cursive, with a large initial "K" and "N".

Karla A. Nemeth  
Director