



# SIERRA CLUB

## LOMA PRIETA CHAPTER

SANTA CLARA, SAN MATEO, AND SAN BENITO COUNTIES

May 19, 2025

California Water Commission

Submitted via email to [cwc@water.ca.gov](mailto:cwc@water.ca.gov)

### Re: Water Storage Investment Program: Pacheco Reservoir Expansion Update, May 21, 2025

Dear Commissioners,

Valley Water's April 2025 Water Storage Investment Program (WSIP) Quarterly Report for the Pacheco Reservoir and the PowerPoint submitted for the subject agenda item paint a picture of no further obstacles to start construction of the Pacheco Reservoir Project in 2029. However, the Sierra Club sees many potential issues that should be considered before increasing the WSIP award for this project.

#### A. Issues not addressed in the Valley Water presentation

The PowerPoint submitted by Valley Water does not respond to the following questions listed in the staff report for this item.

1. When will Valley Water make a decision regarding whether or not to pursue the Pacheco Reservoir project? What are the factors influencing that decision?
2. What is the likelihood that the project's environmental documentation will be litigated? Will that change the project's timeline? Will it influence Valley Water's likelihood of pursuing the project? **Valley Water seems to assume there is no likelihood of litigation**, and this is not discussed at all in their presentation. However, it is likely there will be litigation and Valley Water does not appear to be thinking ahead or strategizing how to address this issue. This does not bode well for the already over-optimistic project schedule.
3. What progress has been made on negotiating mitigation measures for the inundation and other impacts to Henry Coe State Park? What is the timeline for these negotiations? **The only update in the PowerPoint says that State Parks submitted comments on the Draft EIR in 2022.**
4. Will Reclamation make a public statement in support of this project or as a key project partner? If Reclamation fails to partner with Valley Water on this project, is the project still viable? If so, how?

The following points provide some information that is relevant to these questions.

## **B. Cost estimate is very out of date**

It is important to note that the next cost update is scheduled to occur when 60% design is complete, currently scheduled for September 2026. The Valley Water Board has indicated that they could decide whether to continue with the Project at that time.

**The most recent cost estimate for the Project was completed in 2022**, so we can expect a significant increase for the September 2026 updated cost estimate, when more information about the challenging aspects of the Project is available. **Issues include** likely geotechnical constraints requiring more sophisticated design, cost to acquire land, environmental mitigation costs (including mitigation for Henry Coe Park and the Romero Conservation easement), and further development of restoration and flow requirements to achieve viable public benefits for Steelhead.

## **C. Partnerships**

Rising costs will discourage partner participation, and San Benito County Water District is likely to bow out if costs increase significantly.

On May 5, 2025 Valley Water's Water Supply and Demand Management Committee received an update on partnerships. In that meeting, staff disclosed that although seven potential partners expressed interest, only two parties submitted letters of interest. Furthermore, the update stated that Valley Water is **considering alternative partnership approaches** such as

- Rental  
Annual fees for storage and return with a leave-behind component that VW could utilize internally or monetize through subsequent sale.
- Merchant Model  
Valley Water opportunistically acquires surplus supplies to store in PREP and then sells excess water supplies to other water entities.

The lack of interested partners and the exploration of untested partnership models indicates that the benefit versus the cost for the Pacheco Reservoir Project is questionable.

## **D. Schedule**

The Commission's staff report asked Valley Water to identify "Opportunities to shorten timeline to final award." This is not addressed in Valley Water's presentation.

Even with the 18-month extension (due to the number and extent of changes being made to the Project Description, and their related impact analysis), the updated **schedule is aggressive and is unlikely to be met**. Given how little progress has been made on the Pacheco Dam Project in the three and a half years since WSIP funds were granted, it seems unlikely the project will be ready to start construction three and a half years from now.

In their April Quarterly report, Valley Water does not identify 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. **Valley Water does not appear to be thinking ahead or strategizing how to address possible issues**, which does not bode well for the currently over-optimistic schedule.

Furthermore, based on the history of this and other Valley Water Projects such as the Anderson Dam Seismic Retrofit Project, we know that the schedule will continue to slip (and costs will continue to increase).

#### **E. Need to re-evaluate feasibility and benefits**

The feasibility of the Pacheco Dam Project is questionable for the following reasons:

1. Valley Water's Water Supply Master Plan (WSMP) is moving forward assuming the lower-cost scenario which does not include Pacheco Dam. Valley Water will monitor other water supply projects, in particular the B.F. Sisk Dam Raise, and keep Pacheco in the mix in case the B.F. Sisk project falls through. According to the WSMP, "Storage coupled with drought-resilient supply is effective in eliminating future water shortages" (See Valley Water PowerPoint slide 21). This indicates that the drought-resilient supply (recycled water) is needed, plus some additional storage. **The amount of storage needed is not specified, but it appears that the B.F. Sisk Dam Raise is sufficient since some WSMP scenarios do not include Pacheco.**
2. With so many changes to the project description, the **feasibility documentation completed for WSIP in 2021 is clearly out of date.**
3. There was no Final Feasibility Report for the San Luis Low Point Improvement Project following the 2019 Draft Feasibility Report (see Valley Water PowerPoint slide 4). This indicates that the Bureau of Reclamation was not comfortable with finalizing this report and moving forward with Pacheco as the preferred alternative for the Low Point Project.
4. **\$1.5 billion worth of ecosystem improvement for Steelhead is not believable** (see Valley Water PowerPoint slide 6). Benefit to Steelhead is speculative in general. Are there comparative numbers from elsewhere that would justify this high value?
5. For the quarterly reports, the Commission requests information about the "Potential effect of other conditional eligible projects on the applicant's public benefits." Valley Water says this is not applicable, but Sites Reservoir will take "excess" water that would otherwise be available south of the Delta, water that could come to the Pacheco Reservoir.

Overall, the latest quarterly report and the presentation submitted for this agenda item provide an overly optimistic assessment of the Pacheco Reservoir Project. For that reason, we urge you not to increase the Maximum Conditional Eligibility Determination for this Project.

Thank you for your consideration of these comments.

Sincerely,

Katja Irvin, AICP

Guadalupe Group Conservation Chair, Sierra Club Loma Prieta Chapter