



Water Storage Investment Program: Pacheco Reservoir Expansion Project Update

Introduction

The California Water Commission (Commission) administers the Water Storage Investment Program (WSIP) to fund the public benefits associated with water storage projects using funds from the Proposition 1 Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1), codified at Water Code section 79750 et seq, and supplemented by funds from Proposition 4 Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clear Air Bond Act of 2024 (Proposition 4). In 2018, the Commission selected WSIP-eligible projects, among them the Pacheco Reservoir Expansion Project (Pacheco Project). The project applicant, Santa Clara Valley Water District (Valley Water), has withdrawn the Pacheco Project from WSIP. At the Valley Water board meeting on August 26, 2025, the board voted to suspend its work on the Pacheco Project, prepare a plan to close out the project, and withdraw from WSIP. On September 9, 2025, the Commission [received a letter from Valley Water indicating their withdrawal from WSIP](#). At this meeting, Valley Water representatives will discuss the reasons behind the project's withdrawal from the WSIP, and how Valley Water spent early funding from the WSIP.

The Pacheco Project is a regional surface water storage project that would enlarge the existing reservoir from six thousand acre-feet (TAF) to 140 TAF and be operated to provide an emergency water supply public benefit and ecosystem benefits for steelhead in Pacheco Creek, as well as water supplies for wildlife refuges. The project is located in southeast Santa Clara County. The Commission made a Maximum Conditional Eligibility Determination (MCED) for the Pacheco Project of \$504,141,383. Other than early funding, discussed below, WSIP projects cannot spend an MCED until they meet statutory requirements and the Commission awards final funding. The MCED is the maximum amount the project could receive from the Commission, and is based on the public benefits that project would provide: water for wildlife refuges, habitat for steelhead, emergency water supply, and additional recreational opportunities. As required of all WSIP-eligible projects, Valley Water provided quarterly status reports to the Commission about the progress of the Pacheco Project. These reports, through July 2025, indicated that the Pacheco Project proponents were working toward meeting the WSIP final funding requirements and planned to seek a final funding decision from the Commission by mid-2029.

The Commission awarded early funding of \$24,200,000 to the Pacheco Project. Early funding is a portion of the total MCED that can be awarded before an applicant has met final funding requirements. It can be used for planning-related activities and is capped at 5% of the total MCED. Valley Water expended the entirety of their early funding award.

Background

Through the WSIP, the Commission will invest nearly \$2.6 billion in the public benefits of water storage projects, consistent with the requirements of Proposition 1, Chapter 8. The Commission made MCEDs in July 2018, which set the amount of Proposition 1 funding potentially available to each project. One project received a final award at the June 2023 Commission meeting. The remaining WSIP applicants successfully met Proposition 1 interim requirements by the deadline of January 1, 2022 and are working to complete the remaining statutory requirements. These include obtaining permits and completing environmental documents, executing contracts for the administration of public benefits, and completing contracts for non-public benefit cost share. When the applicant completes these requirements, the applicant will return to the Commission for a final award hearing, at which the Commission will decide whether to award final funding.

This agenda item is related to Goal One of the [Commission's Strategic Plan](#), which calls on the Commission to implement the WSIP to achieve public benefits.

Meeting Overview

At the October meeting, Melanie Richardson, Interim Chief Executive Officer and Ryan McCarter, Deputy Operating Officer from the Santa Clara Valley Water District, will provide information related to their decision to withdraw the Reservoir Expansion Project from the WSIP. As a voluntary withdrawal by the applicant, there is no decision needed by the Commission. Following their remarks, the Commission will hear Tribal and public comment and discuss the information presented.

This is an informational item.

Contact

Amy Young
Program Manager
California Water Commission
(916) 882-2399