

Water Storage Investment Program Quarterly Report

The Quarterly Reporting covered by this template documents applicants' progress toward complying with regulation section 6013 to receive a final WSIP funding hearing with the Commission as well as any changes to the physical quantity and type of public benefit being provided by the project.

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.

Project Information

Project name:

Pacheco Reservoir Expansion Project

Applicant name:

Santa Clara Valley Water District (Valley Water)

Date:

January 31st, 2025

Reporting period:

2024 Quarter 4 - October 1st through December 31st

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. Valley Water continues to meet with USACE as they work towards releasing a draft Environmental Impact Statement and a recirculated draft Environmental Impact Report (EIR). Refinements to power transmission facilities (PG&E) and access road alignments are driving the need for recirculation. USACE will be scheduling field visits in quarter 2 of 2025 to perform field verification of the wetland delineation.

Additional CEQA analysis has been performed, and the permit application has been submitted for the Design Level Geotechnical Investigations so that the subsurface design can resume. This work was paused in 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 Design Level Geotechnical Investigations (DLGI). Valley Water issued a Notice of Preparation for the draft EIR in October 2024. Staff anticipates releasing the draft EIR for public review in February 2025 and bringing the final 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.

The engineering team continues to perform some design analyses and are advancing parts of the 60% design documents, not subject to DSOD review. Paused design activities pending remaining geotechnical investigations were estimated to restart in the third quarter of 2024, however they continue to be on hold pending the completion of the DLGI. Updates to the Basis of Design Technical Memos as part of the 60% design development are also affected by the pause in the geotechnical investigations.

Additionally, following the release of the Project's Draft EIR (DEIR) in November 2021, changed circumstances and other developments have resulted in additional environmental analysis required for the Project and Valley Water's determination to recirculate the DEIR for public review. The recirculation of the DEIR will extend the environmental phase of the Project.

First, in July 2021, Pacific Gas & Electric (PGE) stated that the transmission lines for supplying electrical power to the Pacheco Project would need to be realigned, and not until both a feasible and conceptual planning level effort was conducted by PG&E would the alignment be acceptable to move forward to design. Staff has been engaged in technical and environmental discussions with PG&E over the course of last few years and an alignment was selected in October 2024. The realignment extends the transmission line an additional 2 miles to meet PG&E design standard requirements, which also includes infrastructure for a large-scale electrical breaker system. The realignment and new design of the transmission lines resulted in changes to the project description requiring further environmental analysis.

Second, Valley Water has been monitoring State and Federal biological opinions for the Delta, as well as statewide model updates (transition from CalSIM II to CalSIM III) by the Department of Water Resources (DWR) and the Bureau of Reclamation. The model updates also include adding data for additional years up to 2022. These changes will affect water supply operations modeling of the proposed reservoir and may change impacts to natural resources. Therefore, the Project will also transition to CalSIM III and additional numerical modeling would need to be conducted, analyzed, and incorporated into the environmental documents.

Due to the number and extent of changes being proposed to the Project, all of which would need to be incorporated in the revised DEIR, Valley Water is planning to recirculate the revised DEIR in mid-2026 for public review and comments.

Finally, a recent decision was made that would affect the approach for compliance with the federal National Environmental Policy Act (NEPA). As previously reported to the WSDM Committee and the Board, to facilitate the federal agencies' review of the Project, staff originally planned to release the revised environmental document as a recirculated DEIR/Draft Environmental Impact Statement (EIS), which would be a joint CEQA/NEPA document. The United States Army Corp of Engineers (USACE) was identified as the NEPA lead agency for the Project. Following promulgation of revised NEPA regulations which impose strict page limits for NEPA documents, the USACE has determined to prepare a separate document for NEPA compliance. Staff concurs with the approach to not pursue a joint CEQA/NEPA document, for each document to be inclusive of all analyses requiring their respective review. It is currently anticipated that the Project's EIR will be brought to the Board for consideration of certification in mid-2027 and that the USACE will consider approving its EIS in March 2028.

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.

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 attached at the end of this report updated the schedule to include the EIR for the DLGI and the related schedule impacts and the schedule impacts of needing to recirculate the DEIR for the larger project. At this time it is anticipated that these impacts will result in an 18 month delay.

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. Valley Water and PG&E finalized the Facility Study Report and have begun work on the Interconnection Agreement.

Items Required Prior to Scheduling a Final Award Hearing

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

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

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

Provide a status for each applicable administering agency Draft and Final CAPB and estimated completion date for both. The Draft CAPB completion date is when Commission receives the Draft CAPB for a subsequent Commission meeting. The Final CAPB completion date is when it will be executed. Please note any issues or concerns that have, will, or could affect the timing of executing CAPBs or could change the magnitude of the public benefits that could affect cost allocation.

CAPB Admin Agency	Status	Est Completion Date
CDFW Draft	Under development-CEQA analysis needs to be completed prior to completing this document.	May 2026
DWR Draft	Under development-CEQA analysis needs to be completed prior to completing this document.	May 2026
SWRCB Final	Not Applicable	N/A
CDFW Final	Will commence once comments are received on the Draft document.	July 2026
DWR Final	Will commence once comments are received on the Draft document.	July 2026

3. Completed feasibility studies:

Feasibility Study 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	The Draft Environmental Impact Report (DEIR) was published in November 2021. Planning for the Revised Draft Environmental Impact Report (RDEIR) has started. Additional data collection in support of the document is ongoing.	Summer 2026/Summer 2027
Federal Document	Planning process with the US Army Corps of Engineers for the Draft Environmental Impact Statement (DEIS) has been initiated. Additional data collection in support of the document is ongoing.	Summer 2026/Summer 2027
State Document for Design Level Geotechnical Investigations	A new unanticipated effort has started to complete a DEIR and EIR for the remaining geotechnical investigations. A Notice of Preparation was issued on 10/1/2024.	Summer 2025

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	Pending discussions with USACE on requirements	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
USFWS/NMFS BA processing	Working with USFWS/NMFS as part of the inter-agency workshops to identify the conditions of the permit	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	Working on the design of the restoration and will initiate discussions on	November

Approvals / Certifications / Agreements / Permits	Status	Est Date Acquired
streambed alteration agreement and ITP application and issuance	agreement requirements once the restoration design is complete	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.

	Status	Significant Change?
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	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

	Status	Significant Change?
potential impacts of the proposed project to their facilities		
Limited waiver of sovereign immunity	Valley Water is continuing to consult with the Amah Mutsun Tribal Band through the informal consultation process. Appropriate documentation will be provided at a later date, once the Final Funding Agreement process is underway.	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	<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
Urban Water Management Plans	<p>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.</p>	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	\$480,000,000	Pending Final Funding Agreement	Early 2029
EPA WIFIA Loan	\$1.4 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.	

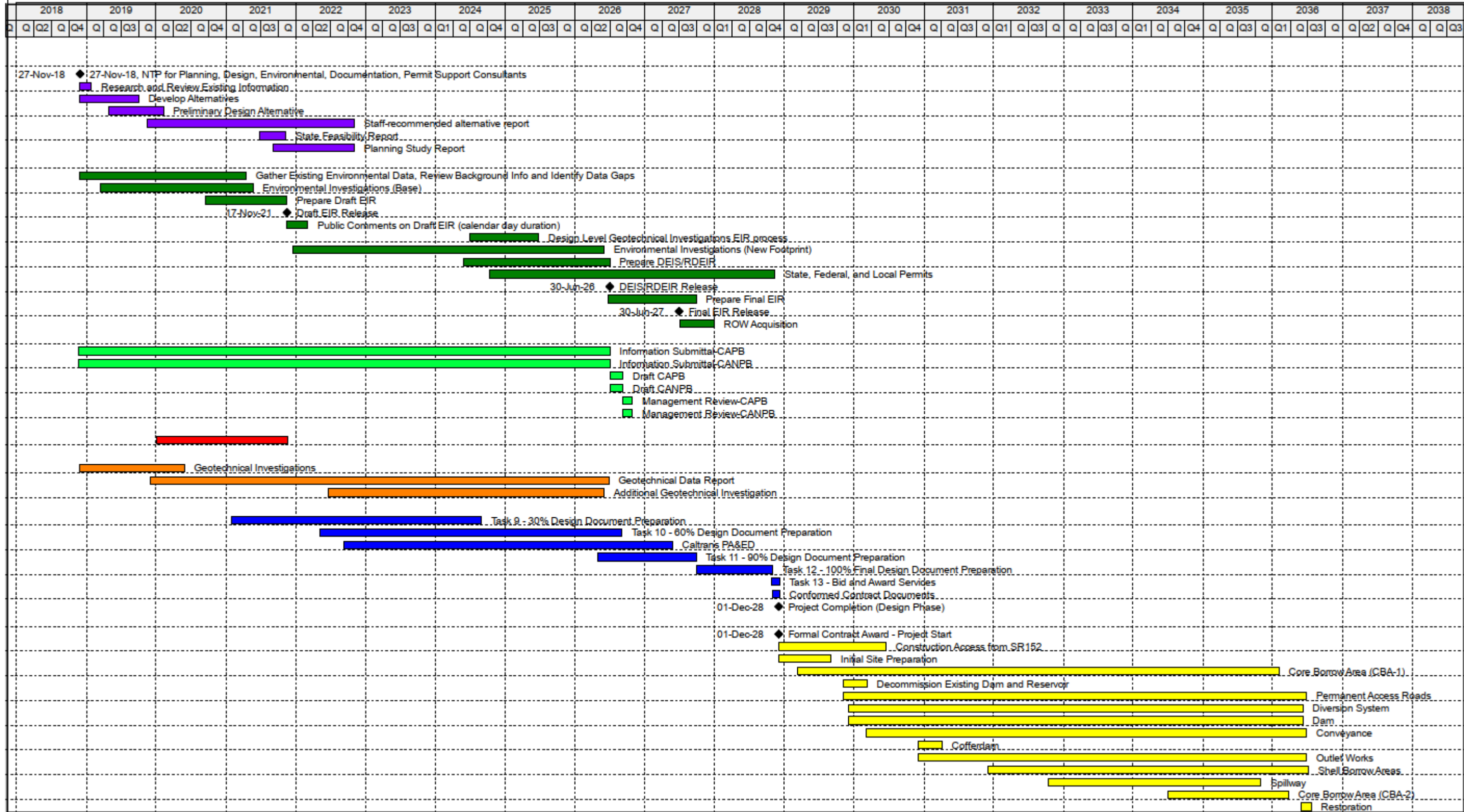
2. Early Funding Agreement Status

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