

From: [Rachel Murphy](#)
To: [Yun, Joseph@DWR \(he/him\)](#)
Cc: [Crowfoot, Wade@CNRA](#); [Bonham, Chuck@Wildlife](#); [Nemeth, Karla@DWR](#); [kstock@usbr.gov](#); [Nickels, Adam M; Young, Amy@DWR \(she/her\)](#); [Taryn Ravazzini](#)
Subject: CCWD's WSIP application withdrawal letter
Date: Tuesday, November 12, 2024 11:20:22 AM
Attachments: [CCWD WSIP withdrawal 11.2024.pdf](#)

Good Morning Executive Director Yun:

Attached is the Contra Costa Water District's formal request to withdrawal the Los Vaqueros Reservoir Expansion Project Proposition 1 Water Storage Investment Program application.

Thank you.

Rachel Murphy

(Pronouns: she, her, hers)
General Manager

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CONTRA COSTA WATER DISTRICT

1331 Concord Avenue, Concord, CA 94520



BOARD OF DIRECTORS

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GENERAL MANAGER

Rachel Murphy, P.E.

November 12, 2024

California Water Commission
c/o Joseph Yun, Executive Director
(Joseph.Yun@water.ca.gov)

Subject: Withdrawal of Los Vaqueros Reservoir Expansion Project Proposition 1 Water Storage Investment Program application

Dear Mr. Yun:

As a follow-up to my email communication on November 7, 2024, the Contra Costa Water District (CCWD) hereby formally withdraws its Los Vaqueros Reservoir Expansion Project (Project) Proposition 1 Water Storage Investment Program (WSIP) application pursuant to CCWD Resolution 24-014 (Attachment), adopted by the CCWD Board of Directors (CCWD Board) on November 6, 2024.

While initial Project studies progressed through the planning and design phases, significant challenges have surfaced related to Project costs, benefits, and future operations. These challenges are complex and CCWD has worked diligently with its partner agencies to focus on unresolved issues and collaborate on potential solutions. At the September 18th CCWD Board meeting, these issues were discussed in depth, in particular the changed conditions facing the Project as a result of tighter restrictions on Delta operations, climate extremes, increased costs for construction, decreased benefits for partner agencies, and unresolved differences on key agreements regarding Project design and construction, backstop of CCWD's water quality and supply needs during construction, and long-term use of CCWD facilities. Based on the significance of these facts, the CCWD Board unanimously agreed to end its participation in this phase of the Project at its November 6th Board meeting.

CCWD appreciates the opportunity to work with the California Water Commission on this Project. While this phase of the Project is not progressing, collectively staff at the partner agencies have a better understanding of the changing conditions impacting Delta operations and regional partnerships have been strengthened to support future collaborative efforts to build a more resilient future.

Sincerely,

A handwritten signature in blue ink that reads "Rachel Murphy".

Rachel Murphy
General Manager

Attachment

CCWD WISP Withdrawal

November 12, 2024

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Cc: Secretary Wade Crowfoot, California Natural Resources Agency
Director Charlton Bonham, California Department of Fish and Wildlife
Director Karla Nemeth, California Department of Water Resources
Regional Director Karl Stock, California-Great Basin Region, US Bureau of Reclamation
Deputy Regional Director Adam Nickels, Principal Deputy RD, US Bureau of Reclamation
Program Manager Amy Young, California Water Commission
Executive Director Taryn Ravazzini, Los Vaqueros Reservoir Joint Powers Authority

for
Wendy Chris
Veronica Sepulveda, District Secretary
Contra Cost Water District

RESOLUTION NO. 24-014

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CONTRA COSTA WATER DISTRICT AUTHORIZING THE GENERAL MANAGER TO EXECUTE REQUIRED DOCUMENTATION TO WITHDRAW THE PHASE 2 LVE PROJECT PROPOSITION 1 WATER STORAGE IMPROVEMENT PROGRAM (WSIP) APPLICATION AND TO COORDINATE WITH JPA MEMBER AGENCIES TO DISSOLVE THE JPA AND TERMINATE THE JPA AGREEMENT.

WHEREAS, on May 2, 1998, the Contra Costa Water District (CCWD) dedicated and put into service the original Los Vaqueros Reservoir (LV Reservoir), with a capacity of 100 thousand acre-feet, to provide improved water quality and emergency storage for CCWD customers; and

WHEREAS, on April 19, 2000, CCWD adopted principles required to be met for CCWD to support any proposals involving the LV Reservoir under the CALFED Bay-Delta program; and

WHEREAS, beginning in 2001, CCWD and several regional partners signed a Memorandum of Understanding (LVE MOU) pertaining to cooperation over preliminary studies for a potential Los Vaqueros Reservoir Expansion Project (LVE Project) to provide regional water supply and environmental benefits; and

WHEREAS, on June 25, 2003, CCWD adopted Resolution 03-24 which stated the conditions that must be met for CCWD participation in the LVE Project (Board Principles) and supported the LVE Project; and

WHEREAS, on March 2, 2004, CCWD customers voted to approve CCWD's participation in the LVE Project under the conditions described in CCWD Resolution 03-25 and the Board Principles; and

WHEREAS, regional partners and MOU signatories declined to participate in the first phase of the LVE Project and in 2011, CCWD elected to proceed without partners and in 2012 completed its construction, expanding LV Reservoir from 100 thousand acre-feet to 160 thousand acre-feet to provide needed water quality, drought and emergency storage benefits for CCWD customers; and

WHEREAS, following completion of the first phase of the LVE Project in 2012, CCWD continued to work with MOU signatories and potential project partners to evaluate and identify potential regional water supply benefits using LV Reservoir in accordance with Resolution 03-24, particularly through short-term pilot projects transfers and exchanges during severe droughts; and

WHEREAS, in 2017, CCWD, with support from MOU signatories and other regional partner agencies, submitted an application to the California Water Commission (CWC) for the second phase of the LVE Project (Phase 2 LVE Project) under the Water Storage Investment Program (WSIP) created by Proposition 1 in 2014 and in 2018 the Phase 2 LVE Project received a Maximum Conditional Eligibility Determination award of \$459,000,000 (later escalated to \$477,558,343) pursuant to Title 23, Division 7, Chapter 1 of the California Code of Regulations; and

WHEREAS, CCWD subsequently entered into an early funding agreement with the CWC for the Phase 2 LVE Project (CWC Early Funding Agreement Number 4600012892) in the amount of \$13,650,309 (later escalated to \$23,877,917) pursuant to California Water Code section 79750 and California Code of Regulations, title 23, sections 6000 - 6105; and

WHEREAS, on October 6, 2021, Alameda County Water District, Contra Costa Water District, East Bay Municipal Utility District, Grassland Water District, San Francisco Public Utilities Commission, San Luis & Delta-Mendota Water Authority, Santa Clara Valley Water District, and Zone 7 Water Agency formed the Los Vaqueros Reservoir Joint Power Authority (LVR JPA) to provide governance and administration and to assist in the design, construction, operation, and administration of the Phase 2 LVE Project; and

WHEREAS, since formation of the LVR JPA, CCWD has worked diligently with JPA Member Agencies and JPA staff to further develop the Phase 2 LVE Project, including environmental permitting, planning, engineering design, and project management; and

WHEREAS, after nearly a decade of planning and development, the Phase 2 LVE Project currently faces several outstanding and unresolved issues, which have threatened its viability including (1) tightening Delta operations, regulatory conditions, and permit restrictions that impact both CCWD-specific operations and state-wide system operations; (2) increasing construction cost;; (3) misalignment among JPA Member Agencies on risk allocation during construction, control of construction and operations decisions, and whether guaranteed delivery of benefits is achievable; and (4) inability to secure a backstop water agreement that fully mitigates the significant water supply and water quality risks to CCWD customers during the 3-to-6 year reservoir outage period during dam demolition, construction and refilling; and

WHEREAS, on September 18, 2024, due to the outstanding and unresolved issues described herein, the CCWD Board of Directors directed staff to work on a plan to end CCWD's participation in the Phase 2 LVE Project; and

WHEREAS, withdrawing the funding application and working to dissolve the JPA and to terminate the JPA Agreement will effectively end CCWD participation in Phase 2 of the LVE Project.

NOW, THEREFORE, BE IT RESOLVED, that effective November 6, 2024 CCWD intends to decline the Maximum Conditional Eligibility Determination (MCED) funding from the California Water Commission of \$477,558,343, excepting the early funding award of \$23,877,917 which has been fully expended on planning and permitting activities in support of the Phase 2 LVE Project as provided for in CWC Early Funding Agreement Number 4600012892.

BE IT FURTHER RESOLVED, that CCWD intends to withdraw its pending application to the CWC to obtain further 2017 WSIP funding, and the General Manager, in coordination with California Water Commission staff, is hereby authorized to withdraw the Phase 2 LVE Project Proposition 1 Water Storage Improvement Program application and to execute required documentation within the General Manager's signing authority.

BE IT FURTHER RESOLVED, that the General Manager is authorized to coordinate and work with the CCWD JPA Board representatives, JPA Member Agencies, and JPA staff to begin JPA dissolution and JPA Agreement termination efforts.

The foregoing Resolution was duly and regularly adopted at a meeting held on the 6th day of November 2024, by the Board of Directors of the Contra Costa Water District, by the following vote of the Board:

AYES: Holdaway, Young, Avila, Burgh, Martinez

NOES:

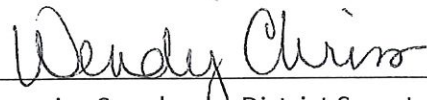
ABSTAIN:

ABSENT:



Ernesto A. Avila, President

ATTEST:



for Veronica Sepulveda, District Secretary

