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January 30, 2025

Submitted Electronically to CWC@water.ca.gov

Fern Steiner, Chair
California Water Commission
P.O. Box 942836
Sacramento, CA 94236

Subject: Submittal of the Water Storage Investment Program Quarterly Report No. 26 for the Los Vaqueros Reservoir Expansion Project

Dear Chair Steiner:

Enclosed please find the final Water Storage Investment Program Quarterly Report No. 26 for the Los Vaqueros Reservoir Expansion Project. The report provides an update on project status following the October 1, 2024 to December 31, 2024 quarter.

If you have any questions or require additional information, please contact me at (925) 688-8018 or kochenduszkko@ccwater.com.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Ochenduszkko".

Kyle Ochenduszkko
Assistant General Manager

KO/MD:sf

Enclosures

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:

Los Vaqueros Reservoir Expansion Project

Applicant name:

Contra Costa Water District (CCWD)

Date:

January 30, 2025

Reporting period:

Quarterly Report No. 26 - October 1, 2024 to December 31, 2024

Provide a brief project description:

The Phase 2 Los Vaqueros Reservoir Expansion Project (Project) would increase Bay Area and Central Valley water supply reliability, develop water supplies for wildlife refuges, and improve water quality while protecting Delta fisheries and providing additional Delta ecosystem benefits. The Phase 2 expansion would increase the Los Vaqueros Reservoir capacity from 160,000 acre-feet to 275,000 acre-feet and add new and modified conveyance facilities to provide broad environmental, water supply reliability, operational flexibility, water quality, and recreational benefits. Los Vaqueros Reservoir was originally constructed and expanded by the Contra Costa Water District (CCWD) to address local water quality and supply issues.

Provide a brief description of public benefits:

The Project would provide reliable water for South of Delta wildlife refuges, improve water quality, increase water supply reliability, provide emergency water supply storage, enhance recreational facilities, enhance regional collaboration, and provide economic growth with the creation of an anticipated 20,000 jobs.

Current total project cost:

As of May 2024, \$1.6B

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:

This report provides a summary of the events and decisions leading up to the key issues and activities identified herein, which extend prior to and after the December 31, 2024 end period of this report.

The viability of the Project has been impacted by mounting unresolved issues during negotiation of the Los Vaqueros Reservoir Joint Powers Authority (JPA) Project implementation agreements, combined with a diminishing business case and reduced Project participation by the Member Agencies due to a decrease in anticipated project benefits and increase in construction costs. The Project has been further impacted by the

inability to confirm a backup water supply of needed quality for CCWD's customers for up to six years when the Los Vaqueros Reservoir was demolished, reconstructed, and refilled for the expansion project.

On June 5, 2024, the CCWD Board of Directors (CCWD Board) authorized execution of Amendment No. 6 to the Multi-Party Cost Share Agreement for the Project. Concurrent with this authorization, the CCWD Board directed the CCWD General Manager to engage the general managers of the JPA Member Agencies to determine their commitments to the Project based on the updated cost, estimated benefits, and defined agreement terms. The Board also directed the General Manager to provide a report to the CCWD Board in September on the Member Agencies' commitments and responses.

On June 11, 2024, the CCWD General Manager issued a letter to the general managers of the JPA Member Agencies summarizing the key outstanding, unresolved issues in the Project and seeking an update on each member's commitment to the Project. Following CCWD's General Manager's letter in June 2024, several JPA Member Agencies have conducted public meetings where their respective Boards received reports on the outstanding, unresolved issues and updates to their individual business case. Based on the information obtained through this process and on unresolved issues summarized in previous quarterly reports, on September 18, 2024, the CCWD Board instructed CCWD staff to end participation in the Project. On November 6, 2024, the CCWD Board resolved to withdraw its California Water Commission (CWC) Proposition 1 Water Storage Improvement Program (WSIP) application for the Project and to coordinate with the Member Agencies to dissolve the JPA.

Several actions were taken in response to the CCWD Board's November 6 decision. On November 12, a letter was submitted to the CWC to formally withdraw CCWD's WSIP application and on November 13, following a presentation by CCWD and JPA staff, the JPA Board directed JPA staff to expeditiously end Project activities and dissolve the JPA. On January 8, 2025, the JPA Board unanimously adopted a resolution to formally terminate the Joint Exercise of Power Agreement (JPA Agreement), dissolve the JPA and direct JPA staff to proceed with actions necessary to dissolve the JPA (Attachment 2). Each JPA Member Agency must now consider ratifying the JPA's dissolution resolution. Once 75 percent of the JPA Member Agencies (six of the eight Member Agencies) ratify the dissolution resolution, the JPA will be dissolved, which is tentatively anticipated to occur in April 2025.

CCWD addressed the Water Commission on January 15, 2025, to describe current Project status.

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:

Not applicable.

Note any milestones or accomplishments that occurred since submittal of the prior Quarterly Report:

CCWD withdrew its WSIP application on November 12, 2024. The JPA is in the process of dissolving. CCWD addressed the CWC at its January 15, 2025, meeting. No additional WSIP-related milestones or accomplishments are anticipated.

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 |
|-------------------|-----------|--|---------------------|
| Service Agreement | TBD | Local cost share agreements were amended amongst project partners and extend into FY 2025. Drafts of the Service Agreement between the Authority and the Authority Members were being developed to cover local share of project costs. | None |

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 | Drafts have been developed but negotiations have ceased. | None |
| DWR | Drafts have been developed but negotiations have ceased. | None |

3. Completed feasibility studies:

Completion Date: October 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 | Final Supplement to the Final EIS/EIR was released February 2020. CCWD Board approved in May 2020. | August 2020 |
| Federal Document | Same as update for State Document. | |

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 |
|---|--|---------------------------------|
| <u>USFWS</u> <ul style="list-style-type: none"> • ESA ITP – Construction BO • Bald and Golden Eagle Act ITP | Section 7 of the ESA was initiated by Reclamation. The construction of terrestrial BO progress has ceased. Long-term eagle ITP. | None Issued 3/28/2023 |
| <u>CDFW</u> <ul style="list-style-type: none"> • ESA ITP – Construction (terrestrial) • ESA ITP – Operations (aquatic) | Construction terrestrial ITP progress has ceased. Operations aquatic ITP. | None Issued 3/1/2024 |
| <u>SHPO & Reclamation</u> <ul style="list-style-type: none"> • Section 106 of the National Historic Preservation MOA | Final version of the MOA between Reclamation and the State Historic Preservation Officer was sent to Reclamation Management for review. Progress has ceased. | None |
| <u>USACE</u> <ul style="list-style-type: none"> • Clean Water Act Section 404 Permit for Discharge of Dredged or Fill Materials into Waters of the U.S. <u>CVRWQCB</u> <ul style="list-style-type: none"> • Clean Water Act Section 401 Water Quality Certification & State Wetlands Procedures | Section 404 – Progress has ceased. Section 401/SWP - CVRWQCB permit | None Issued 6/30/2022 |
| <u>CDFW</u> <ul style="list-style-type: none"> • Section 1600 Lake and Streambed Alteration Agreement | CDFW staff had been working on drafting a Master Agreement. Progress has ceased. | None |
| <u>DSOD</u> <ul style="list-style-type: none"> • Approval to Construct | Complete. | Issued 5/3/2024 |
| <u>Reclamation</u> <ul style="list-style-type: none"> • Record of Decision | Required execution of the SHPO & Reclamation Section 106 of the NHPA MOA and issuance of the USFWS ESA ITP construction BO. Progress has ceased. | None |

Acronyms:

BO = Biological Opinion

CDFW = California Department of Fish & Wildlife

CVRWQCB = Central Valley Regional Water Quality Control Board

DSOD = California Department of Water Resources Division of Safety of Dams

ESA = Endangered Species Act

ITP = Incidental Take Permit

MOA = Memorandum of Agreement

NHPA = National Historic Preservation Act

SHPO = State Historic Preservation Officer

USACE = United State Army Corps of Engineers
 USEPA = United States Environmental Protection Agency
 USFWS = United States Fish & Wildlife Service

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 | Under applicable law, the Authority and CCWD conduct annual audit reports that are filed with the State Controller's Office by the end of June of the following fiscal year. No changes pending completion of the audit. At the inception of the program, CCWD submitted two years of financial statements to the CWC along with the WSIP Financial Management Systems Questionnaire. | No |
| Final project costs, schedule, and scope of work | As described in the "General Updates and Key Issues" section, CCWD withdrew its WSIP application. | Yes |
| Evidence of bilateral communications with operators and owners of potentially impacted facilities regarding potential impacts of the proposed project to their facilities | Evidence of bilateral communications was provided in the WSIP application. | No |
| Limited waiver of sovereign immunity | CCWD is not a tribe and the project is not expected to impact tribal lands; thus, acquisition of a limited waiver of sovereign immunity is not applicable. | 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 | Labor compliance program was expected to begin prior to qualifying work (construction) in approximately 2025. | No |
| Urban Water Management Plans | CCWD's 2020 Urban Water Management Plan was approved by DWR May 23, 2022. | No |
| Agricultural Water Management Plans | CCWD's service area includes a small amount of agricultural water customers, but CCWD is not required to complete an AWMP based on the requirements described in SB X7-7. CCWD is a participant in the GSP development of the East Contra Costa Subbasin; the GSP was finalized in October 2021 and all implementing GSAs adopted the GSP. The GSP was approved by DWR in July 2023. | No |

| | Status | Significant Change? |
|--|--|---------------------|
| Potential effect on other conditional eligible projects on the applicant's public benefits | Any WSIP conditionally-eligible project that has a nexus to the Delta could have an impact on CCWD's water supply and to the Project's ability to deliver public benefits. As more data becomes available on other WSIP projects, CCWD and the Project team would continue to evaluate the Project's ability to deliver public benefits. | No |

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 |
|-----------------|-----------|--|---------------------|
| Federal | \$223M | Up to 25% cost share authorized in 2020 (at the then applicable Project cost estimate), \$174M appropriated (but not received) for construction to date. | None |
| CA State | \$477M | WSIP application withdrawn. Early Funding of \$23.8M was received and expended on the Project. | None |
| Local | \$900M | JPA member contributions, WIFIA loan, and other financial instruments. | None |

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 agreement was completed as of December 31, 2023. Last Project funding invoiced to the agreement was for work through June 2023. CWC approved closeout of the EFA on September 6, 2024. CWC subsequently rescinded its approval letter on September 26, 2024. | 100% |