

August 21, 2023

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Honorable Members of the Santa Clara Valley Water District Board
Santa Clara Valley Water District
5700 Almaden Expressway
San Jose, California 95123

RE: Agenda #8.1 Receive Information on the Pacheco Reservoir Expansion Project; August 22, 2023

Dear Chair and Board:

Time and money are being spent on Pacheco Reservoir Expansion and dam construction (“Pacheco”) that could be better spent on projects that promote local sustainable water, as mandated fourteen years ago in the Delta Reform Act. According to the report for this item No. 8.1, over \$64 million have been spent so far chasing questionable benefits, with billions of dollars at risk in the future.

The misleading claims about extra water supposedly being available if Pacheco were built are appropriately criticized in the Soluri-Meserve 08/16/2023 letter (“Misleading Information in PowerPoint Slides for Upcoming Board and Committee Meetings Involving Pacheco Dam”) attached to the agenda information for the 8/22/2023 hearing.

Of further concern, the costs of WIFIA loans are not adequately addressed in the VW information supplied in its PowerPoints for the 8/22/2023 hearing. Those PowerPoints contain no current interest rate information, as well as no information about the likely future costs of the loans/financing. WIFIA caveats include the long repayment period that will leave future ratepayers with rate increases that will be needed to generate revenue to repay the loan—rate increases that may not be affordable for many low-income ratepayers.

In the last two years, inflation has returned with a vengeance and interest rates have been raised from near zero to five-plus percent by the Federal Reserve. Long-term rates, 10- and 30-year, are now rising as well, making long-term financing and loans much more expensive. These figures—and further likely increases—should be disclosed to the public and should be incorporated into a clear, publicly-available analysis.

Additionally, the VW Pacheco PowerPoints don't show any of the attorney costs associated with pursuing and defending the Pacheco endeavor. Such costs should be revealed and addressed publicly.

It is of tremendous concern that Pacheco Reservoir is still under active consideration despite being deemed the highest cost water source project—and equally problematically second-highest in implementation uncertainties—according to the VW staff report, File No. 21-0462, Item No. 4.3, p. 46; Agenda dated 5/10/2021. As staff noted in that report, “projects whose benefits depend on imported water may have greater risk than projects that rely on local water” (with the exception of out-of-county groundwater banking). Staff further clarified: “Imported water-dependent projects were found to have greater risk since they tend to be large infrastructure projects that carry significant cost and implementation uncertainties. In addition, the water supply reliability of imported water was found to be high risk, especially considering the impacts of climate change.” Pacheco involves imported water in a time when climate change threatens economies worldwide. Conservation and local sustainable sources, however, are more dependable, particularly given drought and long-term arid conditions.

Water supply projects were classified according to risk in VW's study *Monitoring and Assessment Program 2021-Project Risk Assessment*. Significantly, five of those projects—Lexington Pipeline, Los Vaqueros Expansion, out-of-county groundwater banking, potable reuse, and South County recharge project—involved costs that were found at the time to be half—or less—of Pacheco's costs. The continually rising costs associated with Pacheco only intensify that concern. Lower cost projects such as those five, and others (greater volume wastewater recycling as in Orange County, for instance) are unfortunately not being pursued with the same intensity as Pacheco. These are the real lost opportunities that VW should pursue.

Insecure funding and questionable ability to find partners who would be willing to bear the costs of construction and maintenance further weigh heavily against continuing to pursue Pacheco.

Evaporative losses that will occur if Pacheco were to be built will significantly impact any water that might be stored in that facility. In 2015, researchers at the University of California, Davis (UCD) calculated that the SWP facilities that stretch from Banks Pumping Plant to San Luis Reservoir lose 9,855 acre-feet of water per year (afy).¹ San Luis Reservoir itself was judged to lose about 109.5 inches a year to evaporation.² (This could equal an estimated >100,000 af in a year.)³ With climate change, that figure will only climb. Promoting Pacheco, yet another large reservoir in a warm inland location, needs to account for the likely evaporative losses that will occur.

Climate change with its well-documented rising temperatures will exacerbate hazardous algal bloom as well—problems for both San Luis Reservoir and the nearby proposed Pacheco. Pacheco thus will not be a solution, but will merely intensify the existing problem of reservoir-wide growth of algae that makes the imported water unsuitable for certain agricultural, municipal and industrial users in the San Felipe Division. Pacheco construction would mean two potential sources of such algal toxicity. Pacheco does not resolve the low-point issue of San Luis Reservoir; it merely exports it.

Thank you for the opportunity to comment on the ongoing consideration by Valley Water of Pacheco and other, better, sources of water in our aridifying world.

Respectfully submitted,

Alan and Meg Giberson

¹ https://img1.wsimg.com/blobby/go/6992f185-d35b-4204-bd47-2dea1008c968/downloads/_%20Uc%20%20Davis%20FinalReport%20on%20water%20vapor.pdf?ver=1626045433774, accessed 8/20/2023: **Evaporation:** An analysis of the California State Water Project's efficiency. ESM 121. Spring 2015

² *Id.*

³ Estimate based on: San Luis Reservoir's surface area of 12,700 acres, as noted in https://en.wikipedia.org/wiki/San_Luis_Reservoir; "Evaporation from Water Surfaces in California." Department of Water Resources, PDF. 1 Nov. 1979, page 15. http://www.water.ca.gov/waterdatalibrary/docs/historic/Bulletins/Bulletin_73/Bulletin_73_1979.pdf. (The 109 inches annual evaporation from San Luis Reservoir calculated in 1979 may be greater today.)