



*Congress of the United States
House of Representatives
Washington, D.C. 20515*

*Anna G. Eshoo
Eighteenth District
California*

October 13, 2017

The Honorable John L. Varela, Board Chair
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118-3686

Dear Chairman Varela,

I appreciate your responses to my letters regarding the Santa Clara Valley Water District Board's upcoming vote on the California WaterFix project, but I remain deeply concerned about the significant cost uncertainties surrounding this project. Given the State Auditor's damning report on the project's escalating costs and lack of planning, as well as the withdrawal of a major funding partner since the Board was last briefed on WaterFix on September 12th, I urge you to delay a final decision on participation or reject it altogether at your October 17th Board meeting.

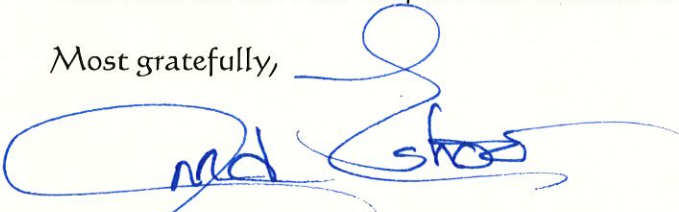
On October 5th State Auditor Elaine M. Howle released a report which found that the costs and timeline of the planning phase of California WaterFix have increased significantly due to the scale and complexity of the project. This report further concluded that the California Department of Water Resources (DWR) has not completed an economic or financial analysis to demonstrate the financial viability of WaterFix, and that DWR has not implemented a governance structure for the construction phase of the project. Given the Auditor's findings and the unprecedented complexity of this project, it seems virtually inevitable that the costs of California WaterFix will increase well beyond the 35 percent contingency included in the current cost estimate, leaving ratepayers of the participating agencies on the hook for the additional costs. The funding uncertainties for Santa Clara Valley Water District are further complicated by the decision of Westlands Water District to opt out of participating in WaterFix. Westlands was expected to pay more than \$3 billion of the \$17 billion project, and its withdrawal raises significant questions about Santa Clara's funding share of this project.

The State Auditor's analysis of the risks associated with California WaterFix closely tracks the conclusions of the Santa Clara Valley Water District's own Water Supply Master Plan. As you know, the expert panel appointed by the District found that the California WaterFix was the highest risk project being considered by the District as part of its long-term Water Supply Master Plan in terms of cost, implementation, and operations. There are also

significant engineering risks and challenges involved with building the tunnels that have not been fully analyzed or accounted for by DWR.

Given the significant questions that have been raised surrounding WaterFix just in the last several weeks, I believe the Board should further delay a final decision or reject it altogether. This is a monumental decision that will affect our region's ratepayers for decades, and the Board should have all the facts and eliminate all uncertainty before making a final decision.

Most gratefully,



Anna C. Eshoo
Member of Congress

cc: The Honorable Barbara Keegan, District 2 Director, Santa Clara Valley Water District
The Honorable Richard P. Santos, District 3 Director, Santa Clara Valley Water District
The Honorable Linda J. LeZotte, District 4 Director, Santa Clara Valley Water District
The Honorable Nai Hsueh, District 5 Director, Santa Clara Valley Water District
The Honorable Tony Estremera, District 6 Director, Santa Clara Valley Water District
The Honorable Gary Kremen, District 7 Director, Santa Clara Valley Water District