

The Mercury News

\$1.5 billion project to expand major Bay Area reservoir collapses

Stunning setback for water storage as local agencies abandon once-promising project to enlarge Los Vaqueros Reservoir

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UPDATED: September 24, 2024 at 7:09 a.m.*



People walk along the banks of the Los Vaqueros Reservoir in Brentwood, Calif., on Monday, Nov. 8, 2021. (Jose Carlos Fajardo/Bay Area News Group)

In a stunning setback for efforts to expand water storage in Northern California as the state struggles with more severe droughts from climate change, a \$1.5 billion plan to enlarge Los Vaqueros Reservoir in Contra Costa County and share the water with residents across the Bay Area has collapsed after more than seven years of planning and millions of dollars spent.

“We’ve gotten as far as we were able to on this project,” said Rachel Murphy, general manager of the Contra Costa Water District, which was overseeing the plan, on Monday. “It’s not a decision taken lightly.”

The project, which was promised \$477 million in state funding six years ago by the administration of former Gov. Jerry Brown, had been viewed by water planners as one of the most promising efforts to increase reservoir storage anywhere in the state. Plans called for raising the height of the earthen dam at Los Vaqueros by 55 feet to 281 feet high.

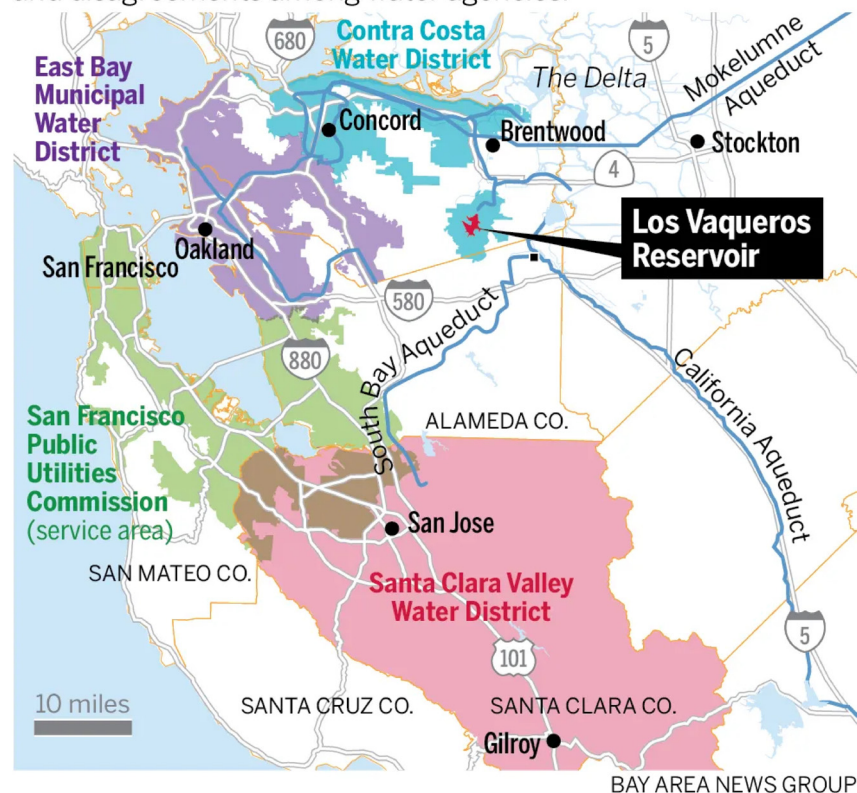
That would have enlarged the amount of water that the reservoir, a massive off-stream lake in the rural rolling hills near Brentwood, could hold, from its current 160,000 acre-feet capacity to 275,000 acre-feet, enough water when full for the annual needs of 1.4 million people. The additional water storage was to have been shared among residents across the Bay Area in Alameda, Santa Clara and other counties to reduce water shortages during droughts.

But the project's costs have grown steadily, from \$980 million in 2018 to nearly \$1.6 billion today.

On top of that, late last year the state Department of Fish and Game updated the permit that the Contra Costa Water District uses to draw water from the Delta into the reservoir. The agency said tougher standards are needed to protect the endangered Delta smelt, a tiny fish, which reduced the yield, or annual amount of water users could expect from the enlarged reservoir, by up to 30%.

EXPANSION OF BAY AREA RESERVOIR FAILS

A proposal to expand Los Vaqueros Reservoir and share its water across the Bay Area has collapsed due to cost overruns and disagreements among water agencies.



Finally, the eight major water agencies that had formed a partnership to build the project couldn't agree on which should shoulder the most financial risk and pay for additional cost overruns if they came up. Contra Costa Water District was unwilling to accept much risk, yet still would own and control the reservoir, other partners said.



The Los Vaqueros Reservoir dam, located in northeastern Contra Costa County between Brentwood and Livermore, is photographed on Thursday, Nov. 3, 2016. (Doug Duran/Bay Area News Group)

“Contra Costa said if there were cost overruns, or construction delay or regulatory issues, then the other members would be shouldering all of the additional costs,” said Rick Callender, CEO of the Santa Clara Valley Water District. “We wanted all of the partners to share in that risk.”

Last month, the East Bay Municipal Utility District, which serves Alameda and Contra Costa County, dropped its commitment from buying 30,000 acre-feet of water to zero. Two weeks ago the Santa Clara Valley Water District in San Jose cut its commitment by 60%, from 50,000 acre feet to 20,000. The San Francisco Public Utilities District, which serves 2.4 million people in San Francisco, the Peninsula, the South Bay and Southern Alameda County, cut its share in half, from 40,000 acre-feet to 20,000.

The agencies determined that other projects — including expanding groundwater storage, boosting recycled water and increasing conservation, all were cheaper.

“Los Vaqueros turned out to be less water than we thought, and at a higher cost,” said Mike Tognolini, director of water and natural resources at East Bay MUD.

“We have some other alternatives. Underground storage looks more promising,” he added.

Last Wednesday, in what appears to be the death knell for the project, the board of the Contra Costa Water District told its staff to draw up papers to pull their agency out of the deal. That formal vote is expected in November.

“We took a fresh clear look at the facts,” Murphy said. “We’ve seen an increase in costs, a reduction in benefits, and scheduling delays, along with challenges getting to agreements with our partners.”

“The project just is no longer viable,” she added.

The failure is a major setback for the eight water agencies — each of which contributed \$4.4 million and thousands of hours of staff time. But it also is a blow to the Newsom administration, which has said that more reservoir storage is needed for California to capture water in wet years for dry years, as droughts become more severe.

“I’m disappointed,” said Karla Nemeth, director of the state Department of Water Resources, on Monday. “The Bay Area really does need regional storage. And expansion projects like this are appealing. I was very hopeful the agencies were going to come together and have a project they could finance.”

What made the Los Vaqueros expansion particularly hopeful, Nemeth said, was that it was an enlargement of an existing reservoir, already in place since 1998. There were no major environmental lawsuits, as there often are on other projects to build new reservoirs.

Asked if the Department of Water Resources could step in and make financial guarantees to save the project, Nemeth said “that would require the California Legislature.”

So far, \$70 million was given to the Contra Costa Water District for planning, environmental reports, engineering studies, legal work, and other costs. Of that, \$31 million came from the partner agencies in cash, \$9 million was partner agency staff time, \$7 million came from the federal government, and \$23 million came from the state. State officials at the California Water Commission now will have to figure out how to reallocate the remaining roughly \$450 million that was to be spent on the Los Vaqueros project.

The money originally came from Proposition 1, a water bond approved by voters in 2014. It could go now to other projects, like Sites Reservoir, a massive \$4.5 billion project in Colusa County that continues to move forward.

“Our governor is very keen on seeing these storage projects developed and constructed,” Nemeth said.

Originally Published: September 23, 2024 at 3:36 p.m.



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Paul Rogers has covered a wide range of issues for The Mercury News since 1989, including water, oceans, energy, logging, parks, endangered species, toxics and climate change. He also has worked as [managing editor of the Science team at KOED](#), the PBS and NPR station in San Francisco, and has taught science writing at UC Berkeley and UC Santa Cruz.

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