

# The Mercury News

## **‘We shouldn’t have been blindsided’: State officials disappointed over collapse of \$1.5 billion plan to expand Los Vaqueros Reservoir**

Contra Costa Water District pulled the plug in September, citing disagreements with Bay Area water agencies



Alex Amaya, of Pleasant Hill, Calif., walks down a trail after taking advantage in the break in the weather by fishing on the shore of Los Vaqueros Reservoir in Livermore, Calif., on Wednesday, Jan. 11, 2017. (Doug Duran/Bay Area News Group)

*By Paul Rogers | [progers@bayareanewsgroup.com](mailto:progers@bayareanewsgroup.com) | Bay Area News Group*

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The collapse of a \$1.5 billion plan to enlarge Los Vaqueros Reservoir in Contra Costa County and share the water with residents across the Bay Area is a disappointing setback for the state’s efforts to expand water storage, and should be studied to reduce the chances of it happening again with other projects, state water officials said Wednesday.

At a meeting in Sacramento, several members of the California Water Commission, a state agency which had promised the project \$477 million in state bond funding in 2018, said Contra Costa Water District leaders should have kept them better informed when negotiations between Bay Area water agencies on costs and risks [began to unravel this summer](#).

“I’ve been doing difficult projects in this state for 30 years,” said water commission board member Alex Makler, an executive vice president with Calpine Corporation in Walnut Creek. “And I will tell you every project dies a thousand deaths. The question is whether or not you make it fatal. And what you guys did in withdrawing from this program is you’ve taken a project out that this state has invested about a decade of valuable time and money to support.”

Added board member Jose Solorio, external affairs director for California American Water: “We shouldn’t have been blindsided by this thing.”

The project was scheduled to [begin construction by next year](#). It was considered by water experts statewide as one of the most promising ways to expand California’s water supplies in an era of more severe droughts. It had no major lawsuits and wasn’t controversial with environmental groups, largely because it was proposing to expand an existing reservoir rather than damming a river.

The Contra Costa Water District planned to raise the height of the earthen dam at Los Vaqueros Reservoir near Brentwood by 55 feet to 281 feet high. That would have increased its capacity from 160,000 acre-feet to 275,000 acre feet, enough water when full for the annual needs of 1.4 million people.

The water district created a partnership with other major Bay Area water agencies to share costs and the water, including the Santa Clara Valley Water District, East Bay Municipal Utility District, and the San Francisco Public Utilities Commission.

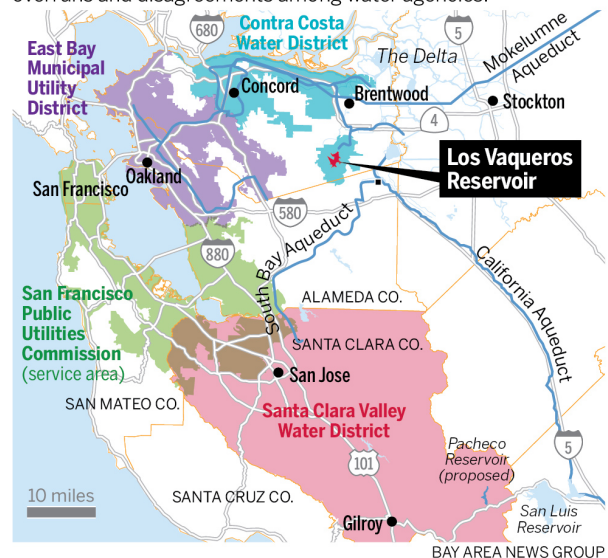
[In a quarterly report](#) sent July 30 to the State Water Commission, Kyle Ochendusko, assistant general manager of the Contra Costa Water District, said “significant progress has been made relating to the partner agreements” and “no issues or concerns were identified during the reporting period that could affect completion of program requirements.”

But on Sept. 18, the district’s board [told its staff to draw up plans to end the partnership](#) “citing concerns over unresolved issues and project viability.”

The agency had already spent \$70 million in environmental studies, engineering studies, permitting and other work. Of that, \$24 million came from the state bond funds, \$7 million in federal funds, and the rest from the local water agencies.

#### FAILED EXPANSION OF LOS VAQUEROS

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



“I have a great deal of disappointment,” said California Water Commission board member Sandra Matsumoto, who works as state water program director of the Nature Conservancy. “This project, of all the projects, seemed like the one that was really moving forward strongly. There was \$24 million of public money invested. It’s really important there is some understanding and accountability and lessons learned on behalf of the other projects so that some of the same mistakes aren’t made.”

Rachel Murphy, general manager of the Contra Costa Water District, said at the meeting Wednesday that other water agencies began backing out in the summer as the cost of Los Vaqueros increased to nearly \$1.6 billion, up from the original estimate of \$980 million in 2018. Some, such as East Bay MUD and Santa Clara, have also said they could not reach agreement on how to share the costs, how much water would be guaranteed, and who would pay for construction cost overruns, with Contra Costa driving too hard of a bargain. That made other projects, like groundwater storage and water recycling, look more financially feasible instead.

“Really what the Contra Costa Water District board wrestled with was whether additional time was going to be fruitful in resolving the growing list of issues that were surfacing on the project,” Murphy said, describing why her agency abandoned the project. “Certainly additional time was not going to increase benefits or reduce costs.”

In addition to the \$477 million in state funding promised from Proposition 1, a water bond passed by voters in 2014, the project secured a \$174 million commitment from Congress.

Water commission spokesman Paul Cambra said the agency is expected to decide in March how it will spend the \$453 million in state funds that Contra Costa Water District was allocated but did not spend. Under Proposition 4, a climate bond voters passed in November, any returned money must be divided between six other water storage projects the state also is funding, including potentially Sites Reservoir north of Davis, or Pacheco Reservoir, a project planned in Santa Clara County, which has been slowed by lawsuits and cost overruns.

Gov. Gavin Newsom is a strong supporter of the Sites project, a \$4.5 billion plan in Colusa County that would build the largest reservoir in California in 50 years. That project received a commitment for \$875 million in Proposition 1 money from the California Water Commission.

“For those who are wondering what happened to Los Vaqueros, and are those dollars available? Yes they are,” [Newsom said in December](#). “But they will go through a process and we hope Sites will apply to see if they can get some of the money.”



*Paul Rogers | Natural resources and environment reporter*

*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 KQED](#), the PBS and NPR station in San Francisco, and has taught science writing at UC Berkeley and UC Santa Cruz.*

<https://www.mercurynews.com/2025/01/15/we-shouldnt-have-been-blindsided-state-officials-disappointed-over-collapse-of-1-5-billion-plan-to-expand-los-vaqueros-reservoir/>

*FOR Addendum: The text of Proposition 4, while providing for the use of unallocated money for inflation and any increase in public benefits (perhaps by reassessments by the California Water Commission), does not appear to require that the unused allocations be divided evenly among the remaining WSIP storage projects.*