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**CONSIDERATION OF A RESOLUTION AUTHORIZING
THE DIRECTOR, OR DESIGNEE, TO EXECUTE
WORK ASSIGNMENT 7, UNDER TASK ORDER 8, FOR FINANCE REPORT
Agenda Item: 10**

Meeting Date: 8-14-03

Summary: This resolution would authorize the Director, or designee, to execute a work assignment under an existing contract with CH2M HILL, INC. to support long-term Bay-Delta Program Finance Report.

Recommended Action: Adopt Resolution 03-08-54.

Staff Recommendation: Staff recommends that the Authority adopt the attached resolution, approving the proposed Scope of Work to provide technical support for development of the long-term finance report for the Bay-Delta Program.

Background

The CALFED Programmatic Record of Decision (ROD) and Final EIS/EIR for the Bay-Delta Program included information on financing the Program for the first 7 years – Stage 1. A proposed funding schedule and proposed cost shares between State, Federal, local, and water users was also included. The Program is beginning Year 4 of program implementation. Issues are arising regarding future funding to continue the Program through Stage 1 and after. The ROD also included a recommendation to develop a broad-based water user fee on diversions from the Delta by Year 3. In addition, included in the proposed FY 03-04 State Budget Bill, is budget language requiring the Authority to develop a broad-based water user fee for the proposed Governor's Budget for FY 04-05 to be released January 2004. To comply with the budget language and as part of the long-term finance report, fee options and a proposal will be developed.

This proposed work assignment will provide technical staff support to develop options and recommendations for long-term financing of each of the 11 program elements. Contract support will also assist in developing the water user fee options and proposal.

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Fiscal Information

Funding Source: General Fund
Term: July 1, 2003 to June 30, 2004
Total Amount: \$500,000.00

List of Attachments

Proposed Scope of Work

Contact

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CALIFORNIA BAY-DELTA AUTHORITY
RESOLUTION NO. 03-08-54

CONSIDERATION OF A RESOLUTION AUTHORIZING THE DIRECTOR, OR DESIGNEE, TO EXECUTE WORK ASSIGNMENT 7, UNDER TASK ORDER 8, FOR FINANCE REPORT

WHEREAS, the Department of Water Resources, CALFED Bay-Delta Program, executed Contract No. 4600002623 with CH2M Hill, Inc., to provide environmental analysis, scientific, and technical services, and engineering for oversight and coordination related to the Bay-Delta Program; and

WHEREAS, the Authority is statutorily authorized to conduct oversight and coordination related to the Bay-Delta Program; and

WHEREAS, the Authority will consider accepting assignment of Contract No. 4600002623 from the Department of Water Resources; and

WHEREAS, identifying long-term stable funding sources for the Bay-Delta Program is critical to ensuring continued balanced implementation of the Bay-Delta Program; and

WHEREAS, the California Legislature, in the Budget Act 2002-03, requested the Bay-Delta Program to submit a draft Finance Plan for the proposed surface storage projects and a user fee for the ecosystem program programs; and

WHEREAS, the Bay-Delta Program is required by the Budget Act of 2003-04 (pending adoption) to develop a proposal for a new broad-based water user diversion fee as part of the Governor's FY 2004-05 proposed budget;

NOW, THEREFORE, BE IT RESOLVED, that the Authority authorizes the Director, or his designee, to execute Work Assignment 7, under Task Order 8 of Contract No. 4600002623 (CH2M HILL, INC.), for the purposes generally described in the attached scope of work, for an amount not to exceed \$500,000, subject to appropriation of adequate funds.

CERTIFICATION

The undersigned Assistant to the California Bay-Delta Authority does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the California Bay-Delta Authority held on August 14, 2003.

Dated:

Heidi Rooks
Assistant to the California Bay-Delta Authority

Attachment 1
Long-term Bay-Delta Program Finance Report
Task Order 8, Work Assignment 7
Proposed Scope of Work

DESCRIPTION OF WORK ASSIGNMENT AND RELATIONSHIP TO TASK ORDER

This work assignment describes services to support Task 8 -- Strategic Planning Support for Bay-Delta Water Management and Storage Programs. Specifically, this work assignment supports subtask 8a "Benefit and Cost Allocation and Financing Plan." This work assignment includes services to complete the long-term Finance Report, facilitate an independent review of the Finance Report, and begin implementation of the recommendations from the Finance Report, such as developing the water user fee proposal.

1. Finance Expert Advisors

Expertise needed: Knowledge of Bay-Delta programs, expertise in evaluation of benefits, beneficiaries, and costs, ability to balance policy and technical issues, ability to work in a team setting, understanding of public financing, understanding of long-term finance issues facing each Bay-Delta program element, written and oral communication skills, ability to work with high level agency and stakeholder representatives.

Scope of Work: Attend team meetings (twice a month) and review materials and documents to advise the Bay-Delta Authority staff on all aspects of long-term financing for the Bay-Delta Program. For example, advice will be sought in the development of the Finance Plan, user fees, Federal authorization, future State bonds, and the accounting system for tracking and crediting revenues. Attend and present finance information at Independent Review Panel meeting. Approximately 3-4 advisors will be needed to form the team.

Schedule: 7/1/03 – 6/30/04

Deliverables: Attend team meetings and review and comment on documents as requested.

2. Prepare Draft and Final Finance Options Report

Expertise needed: Knowledge of Bay-Delta programs, expertise in evaluation of benefits, beneficiaries, and costs, ability to balance policy and technical issues, ability to work in a team setting, understanding of public financing, understanding of long-term finance issues facing each Bay-Delta program element, written and oral communication skills, ability to work with high level agency and stakeholder representatives.

Scope of Work:

a. For each of the 11 program elements:

- Conduct public, stakeholder and agency outreach regarding the Finance Plan issues identified in the June 2003 Issues Report (conduct approximately 4 meetings per program element)

- Research, evaluate, measure/estimate program benefits and beneficiaries for each of the 11 program elements
 - Develop 20 year cost estimates for each program element
 - Develop allocation of program costs among beneficiaries—describe assumptions and unknowns
- b.** Identify social justice/environmental justice issues and develop proposals to address the issues
- c.** Evaluate all possible financing tools such as fees, State bonds, Federal appropriations etc., and propose which tools should support which program elements. Development of detailed options and recommendations for a broad-based water user fee is described in #4 below
- d.** Propose administrative accounting system for tracking revenue and contributions from local, private, State, and Federal entities

Schedule: Final Options Report due November 1, 2003 (if work can begin 8/1/03)

Deliverables: Contractor will provide outlines, initial drafts, final drafts, and final reports for the Finance Options Report. Contractor will report weekly with progress reports. Contractor will describe the strategy for public and agency outreach and provide draft agendas for interviews, workshops and meetings. All materials will be reviewed and approved by CBDA Program Manager.

3. Prepare draft and final Finance Report

Expertise needed: Knowledge of Bay-Delta programs, expertise in evaluation of benefits, beneficiaries, and costs, ability to balance policy and technical issues, ability to work in a team setting, understanding of public financing, understanding of long-term finance issues facing each Bay-Delta program element, written and oral communication skills, ability to work with high level agency and stakeholder representatives.

Scope of Work:

- a.** For each program element:
- Conduct public, stakeholder, and agency outreach (approximately 10 meetings)
 - Develop recommendations on long-term financing for Bay-Delta Program
- b.** Finalize proposal for administrative accounting system for tracking revenues and contributions from local, private, State, and Federal entities

Schedule: Final Report due April 2004

Deliverables: Contractor will provide outlines, initial drafts, final drafts, and final reports for the Finance Report. Contractor will report weekly with progress reports. Contractor will describe the strategy for public and agency outreach and provide draft agendas for interviews, workshops, and meetings. All materials will be reviewed and approved by CBDA Program Manager.

4. **Coordinate proposal for new water user fees to support Bay-Delta Programs**

Expertise: Understanding of and knowledge in – public financing, economic, financial, administrative implications of collecting fees, equity issues, impacts on customers and water users, establishing or implementing other water user fees such as the Restoration Fund, water diversions from the Delta.

Scope of Work: Develop a broad-based Delta water diversion fee proposal similar to the Central Valley Project Improvement Act Restoration Fund fee. Develop fee revenue and structure options, describe method of administering the fee revenue, propose which program elements should receive the revenue. Rely as much as possible on previous Bay-Delta fee information. Conduct public, agency, and stakeholders meetings as needed to discuss the fee proposal.

Schedule: Draft options and recommendations: October 30, 2003
Final fee proposal: November 15, 2003.

Further detail and refinement: December 2003 through June 2004

Deliverables: Contractor will provide outlines, initial drafts, final drafts, and final reports for the User fee proposal. Contractor will report weekly with progress reports. Contractor will describe the strategy for public and agency outreach and provide draft agendas for interviews, workshops and meetings. All materials will be reviewed and approved by CBDA Program Manager.

5. **Independent Panel Review**

Expertise: Facilitation and coordination of an independent panel to review and comment on the scope, process, methods, and analysis of the long-term Finance Plan. Skills and expertise needed in expert/independent panel coordination and meeting management.

Scope of Work: Contractor will need to coordinate one mail-in review and two one-day panel meetings. Arrange meeting locations and times and assist in arranging accommodations for panelists. Assist in developing questions and materials to present to the panel, and to provide support to panel in summarizing their comments. Attend the two panel meetings, take notes, introduce, and conclude the meeting, and assist in time management.

Schedule: Mail-in review: August 2003
Panel meetings: October/November 2003, March/April 2004

Deliverables: Arrange 3 panel reviews and assist panel in summarizing result of each review.

6. **General Support for Bay-Delta Finance Activities/Tasks**

Expertise: General knowledge of the Bay-Delta program including finance background, and current finance issues. Good written and oral communications skills, good policy and technical analysis skills, ability to manage multiple tasks.

Scope of Work:

- a. Assist CBDA Program Manager in the coordination of Finance Plan reports, the development of the user fees, and the presentation of Finance Plan materials to the Public Advisory committee and Bay-Delta Authority
- b. Prepare the long-term (20 year) cost estimates for each program element in coordination with program managers, stakeholders, and other Finance Plan consultants
- c. Assist in the development of future State bond legislation. Provide assistance on proposed bond legislation – involves projections for additional funding needs, criteria and other cost share conditions on funds, recommended organization of the bond by program
- d. Assist in the development of Federal authorization and appropriations legislation to support Federal share of Bay-Delta Program
- e. Assist in implementation of the administrative accounting system for revenues and contributions
- f. Provide advice to program managers regarding the implementation of the finance plan recommendations as part of future funding requests, and cost share, etc.

Schedule: July 1, 2003 – June 30, 2004

Deliverables: Prepare 20 year cost estimates for the 11 program elements, provide general support in Finance Plan coordination and oversight, coordinate program-wide finance information in excel tables for State or Federal legislation.