

## Informational Report on the Long-Term Finance Plan

**Agenda Item: 7**

**Meeting Date: February 11, 2004**

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**Summary:** This report provides an update on the status of the CALFED Program Long-Term Finance Plan.

**Recommended Action:** This is an informational item only. No action will be taken.

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### **Background**

The California Bay-Delta Authority is preparing a Long-Term Finance Plan for the CALFED Program. At the October Authority meeting, Authority staff provided an overview of the first report prepared in October 2003, "The Framework and Issues Report." At the December joint Authority and Bay-Delta Public Advisory Committee meeting, the Finance Plan agenda item was deferred to be discussed at the February Authority meeting. In the December packet and distributed at the December meeting were Authority staff comments and summaries of the first meeting of the Finance Plan Independent Review Panel, the Panel bios, and a list of Finance Plan participants. All materials can be found on the Authority web page at: <http://calwater.ca.gov/FinancePlanning/FinancePlanning.shtml>

**Independent Review Panel Report.** In December, the Authority received the summary of the Panel's first meeting, the Panel comments and recommendations to Authority, and the Authority staff response to the Panel comments. Generally, the Panel supported the approach the Authority was taking, but they also made recommendations in four areas:

1. Provide greater context for developing finance options
2. Develop alternative approaches to funding/financing
3. Produce a first-order test of benefits
4. Consider evaluating multiple baselines

The Authority provided a written response to the Panel and met with the Panel by teleconference in December. As a result of this further discussion with the Panel, the Authority staff and Panel are in agreement on the framework for proceeding with the Finance Plan.

**Finance Plan Process and Content.** The Finance Plan is being drafted by the Authority staff and a team of technical consultants. Working drafts will be reviewed by the Ad Hoc Work Group (17-member stakeholder and agency group) and the Independent Review Panel. The report will consist of several sections including an historical background on water financing, current trends in water and environmental financing in other states, a summary of the current fiscal conditions in the State and the Federal governments, principles for financing given the trends and current fiscal conditions, and finance options for allocating the cost of the CALFED Program. The finance options will be based on an analysis of the benefits and costs for each program element.

**Finance Plan Schedule.** The Authority staff and Technical Team are drafting sections of the Finance Plan as working drafts to be distributed on a flow basis between January and March 2004. On February 24, the Panel will hold its second public meeting. In late March, a draft Finance Plan will be completed. The third Panel meeting is scheduled for April 2004. A final Finance Plan will be completed in May or June of 2004. Updates on the Finance Plan will be provided to the Authority at both the April and June 2004 Authority meetings.

At the February Authority meeting, Authority staff will provide a brief summary on the status and schedule of the Finance Plan, and an update on future meetings of the Independent Review Panel.

### **Fiscal Information**

Not applicable

### **Contact**

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