



**CALFED
BAY-DELTA
PROGRAM**

1116 Ninth Street, Suite 1155
Sacramento, California 95814

(916) 657-2666
FAX **(916) 654-9780**

May 6, 1997

Tom Maddock, Chairman of the Board
Boyle Engineering
P. O. Box 7350
Newport Beach, CA 92658-7350

Dear Tom:

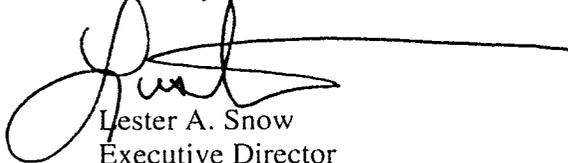
Thank you for your recent letter of April 22, 1997. I appreciate your comments and continue to recognize your view that more details on costs and benefits will be required to formulate a financial strategy.

There has been considerable discussion of the purpose and utility of developing principles relative to the financial strategy for the CALFED Bay-Delta Program's long-term solution. All parties recognize that until the details of the programs and projects are available, including information on both costs and performance, no one is willing to commit to the details of any sort of financial strategy or cost allocation.

It will be some time still before details are available. When these details are available, parties will begin negotiation on the specifics. However, prior to commencing these negotiations, I believe that certain public policy principles can and should be established to define the parameters of the negotiated solution. Decision makers will be relying on this framework of public policy principles relating to financial strategy to help them in their selection of the preferred alternative.

It is my understanding that the BDAC Finance Work Group of which you are a member has had productive discussions over the last month in the area of establishing financial principles. One of the areas of discussion relates to different approaches for dealing with the question of costs and benefits that you address. I look forward to your continued participation in this work group, and I am hopeful that an effective solution can be developed as part of this collaborative process.

Sincerely,



Lester A. Snow
Executive Director

CALFED Agencies

California

The Resources Agency
Department of Fish and Game
Department of Water Resources
California Environmental Protection Agency
State Water Resources Control Board

Federal

Environmental Protection Agency
Department of the Interior
Fish and Wildlife Service
Bureau of Reclamation
Department of Commerce
National Marine Fisheries Service