

**CALFED  
BAY-DELTA  
PROGRAM**

1416 Ninth Street, Suite 1155  
Sacramento, California 95814

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

July 28, 1997

Wiley Horne  
Executive Assistant to the General Manager  
Metropolitan Water District of Southern California  
350 Grand Avenue  
Los Angeles, CA 90071

RE: Category III Funding Credit

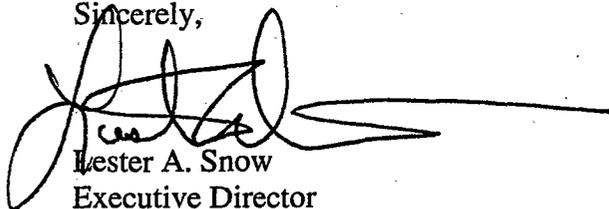
Dear Mr. Horne:

As you know, CALFED has established a process for administering the Category III funds. The CALFED process involves setting priorities and selecting proposals that are consistent with the long-term restoration objective of the Bay-Delta Program. The Ecosystem Roundtable provides advice through the process. With the passage of Proposition 204, CALFED is now responsible for administering the \$60 million state contribution for Category III. To ensure coordination and crediting, CALFED priorities and selection process will be used to determine future expenditures of stakeholder and other contributions to Category III.

On June 6, 1996, CALFED issued a policy establishing credit toward long-term obligations for financial contributions to Category III (see attached). In 1995 and 1996 Metropolitan Water District contributed a total of \$20 million to Category III which will be fully credited under this policy based on the actions funded and the adherence to the 1995 and 1996 funding priorities. With adherence to the current CALFED Category III process, any additional contributions in 1997 will also receive full credit.

Please give me a call at (916) 657-2666 if you have any questions.

Sincerely,



Lester A. Snow  
Executive Director

Attachment

**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