



Initially, allow me to thank you for the generous allocation of time concerning the CWSRF for the LOWWP. As you know, I have been involved in support for development of a WWP for the community of Los Osos/Baywood Park since the early 1980's. At that time, the cost of the project was approximately \$30,000,000 and as recently as 1998 the estimated cost was \$69,000,000. Today, the estimated project costs are around \$173,000,000 not including on-site costs. The number of service connections is essentially been constant. Consequently, the cost per connection is extremely high.

I respectfully request your Board consider for approval an interest rate reduction from 2.6% to 1% for the entire 30-year term of the loan. It appears clear that the County of San Luis Obispo will be operating the facilities for the duration of the loan term.

At 1% for the CWSRF \$86,000,000 loan in combination with the USDA loan of \$83,000,000 at 3.25% results in an average cost of capital at just over 2%. This would be a significant improvement to the current financing package. The requested reduction to 1% would truly assist in making the project affordable to the residence of the community.

In closing, please make this request known to your Board at next Tuesday's meeting. Feel free to contact me with any questions you may have.

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