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Secretary

PATRICK A. BAILEY
Commissioner



November 10, 2014

State Water Resources Control Board
P.O. Box 10
Sacramento, CA 95812-0100

Re: Proposed Resolution to modify the terms of the Clean Water State Revolving Fund (CWSRF) Program financing for Crescent City; Crescent City Wastewater Treatment Plant Upgrade Project; CWSRF Program Project No. C-06-4699-110; Financing Agreement No. 07-812-550

Dear State Water Resources Control Board Members,

I want to express support for Crescent City's request to modify the existing CWSRF loan agreement. Because of the financial challenges facing the City, modifying the loan appears to be the only option left that permits a sustainable utility rate for city residents and those in the surrounding served by the system.

Without approval of the loan modification, the approximately 3,715 users of the system will face a 252% user rate increase over the next six years to simply meet the loan repayment obligations and meet operating and maintenances expenses at the Waste Water Treatment Plant. The projected \$245 per month utility bill would consume 8% of median household income for the area, driving this already poverty-stricken area into dire financial hardship.

If approved, the modification would reduce the burden on ratepayers to a 5% increase per year over the next five years. By reducing the interest rate to 0% and allowing graduated repayments for six years, a sustainable balance is reached that benefits both the local community and the State.

I strongly urge your approval of the proposed loan modification. Thank you.

Sincerely,

Charlie Helms, CEO/Harbormaster