



Municipal Corp. of Cape Charles

June 30, 2009

Mr. Walter Gills, Program Director
Department of Environmental Quality
PO Box 1105
Richmond, VA 23218

Dear Mr. Gills,

Per your letter of June 2, 2009, enclosed are four copies of our application for financial assistance through the VCWRLF. The Town of Cape Charles is extremely grateful for the \$4.5 million Federal Stimulus Principal Forgiveness loan recently authorized by the State Water Control Board. Additional assistance would be most welcome.

The enclosed application contains an updated project cost estimate of \$18.3 million based on the 80% design review held on June 3, 2009. We now estimate that there will be about \$6.3 million remaining to be financed after application of the stimulus funding and an estimated \$7.5 million WQIF grant. This, of course, could be less if additional stimulus funding becomes available.

Due to our small customer base, our wastewater usage rates are already about 50% higher than the state average for systems with less than 5,000 ERCs. Financing the \$6.3 million balance of our new wastewater treatment plant will result in a large increase to debt service. We are hopeful that significant growth will resume by 2011 so that facility fee collections will be available to help fund this. If this does not occur, the debt service burden will fall to existing customers. We estimate that it could add about \$29 to our existing \$47 charge for 5,000 gallons per month. A VCWRLF no-interest loan would be of tremendous help in ameliorating this situation.

If you need additional information, I can be reached at 757-331-3259, x19, or bob.panek@capecharles.org.

Sincerely,

Robert Panek
Staff Consultant