

LOUISIANA

Drinking Water Revolving Loan Fund



**DRINKING WATER
REVOLVING LOAN FUND**
A PROGRAM OF THE DEPARTMENT OF HEALTH
LOUISIANA



SFY 2023

Capacity

Development

Annual Report



Introduction

The 1996 amendments to the Safe Drinking Water Act (SDWA) added a new dimension to federal/state drinking water legislation called Capacity Development. Water system capacity is the ability to plan for, achieve, and maintain compliance with applicable drinking water standards. To achieve this goal, the Capacity Development Program is made up of three (3) components: technical, managerial, and financial.

Louisiana, along with all other states began implementing a Capacity Development Program for new systems in January 1999 and for existing water systems in October 2000. As required by EPA, this report must be submitted to show the progress the Louisiana Department of Health (LDH) has made toward improving the technical, managerial, and financial capacity of public water systems in the state from July 1, 2022 to June 30, 2023.

Drinking Water Revolving Loan Fund



The Capacity Development Program is a set-aside activity of the Louisiana Department of Health Drinking Water Revolving Loan Fund (DWRLF). The DWRLF is a program dedicated to providing low interest loans to upgrade public water system infrastructure. The program helps water systems with the greatest need based on a priority point system and

many other factors. To date, the Louisiana DWRLF has loaned over \$547,289,826.16 to fund construction projects across the state. In addition to Capacity Development, the DWRLF also funds the Operator Certification Program, the Public Water Supply Supervision Program, and the Small System Technical Assistance Program.

New Systems

All new systems are required to submit an application, along with engineering plans and specifications, to LDH in order to obtain the permit necessary to construct the proposed new water systems. The Capacity Development Coordinator is notified upon receipt of the engineering plans and forwards a copy of our Business Plan packet for new systems to the appropriate parties for completion. This Business Plan packet includes questionnaires designed to secure information from the applicant relative to technical, managerial and financial capacity. The technical questionnaire is reviewed by engineering staff and the managerial and financial portions of the plan are reviewed by the Capacity Coordinator for the purposes of evaluation of the new system's capacity. Upon completion of all reviews, the DWRLF Capacity Development staff members collaborate on the results of the individual reviews. Only when the proposed new system has satisfied capacity in all three areas of review, will the Capacity Coordinator provide the system with a permit letter allowing the new system to commence construction. In addition, all decision-making positions (i.e. board members, managers, etc.) within the proposed new system are notified to attend the LDH approved management training program offered at multiple locations throughout the state at various times per year. Upon completion of construction, LDH regional staff will work with the system to secure any samples required prior to allowing the system to begin operation and serve its

customers. LDH also secures a 'Certification of Construction' from the Consultant Engineer overseeing the design and construction of the system verifying that there were no significant deviations between construction and the plans as submitted and approved.



During this reporting period, no new water system applied for a permit to operate and construct.



Existing Systems

The Louisiana Capacity Development Program is selecting twenty (20) existing water systems per quarter from violations data to undergo capacity assessments. A selected system goes through a capacity assessment conducted by our staff which includes the submittal of a Business Plan packet by the water system. The most recent sanitary survey will also be used as part of the capacity assessment. The Management Training course database is reviewed to insure that all decision makers affiliated with a selected system have undergone management training. Those persons not having completed the training are notified to attend a training session within six (6) months of the date of notification. In the past fiscal year, a total of 368 attendees were added to the Management

Training course database. These attendees were trained by technical assistance providers approved by the state. Another significant task accomplished as part of the capacity assessment process involves ensuring the system is being operated by a properly certified operator.

Approximately 4,301 operators attended 310 training sessions receiving 41,089 hours of training during the 2023 state fiscal year. LDH administered nine (9) large-scale operator certification exams held at sites across the state in SFY23. LDH also has a contract with the Louisiana Rural Water Association. Louisiana Rural Water Association conducted six (6) training classes geared towards very small water systems.



Loan Systems

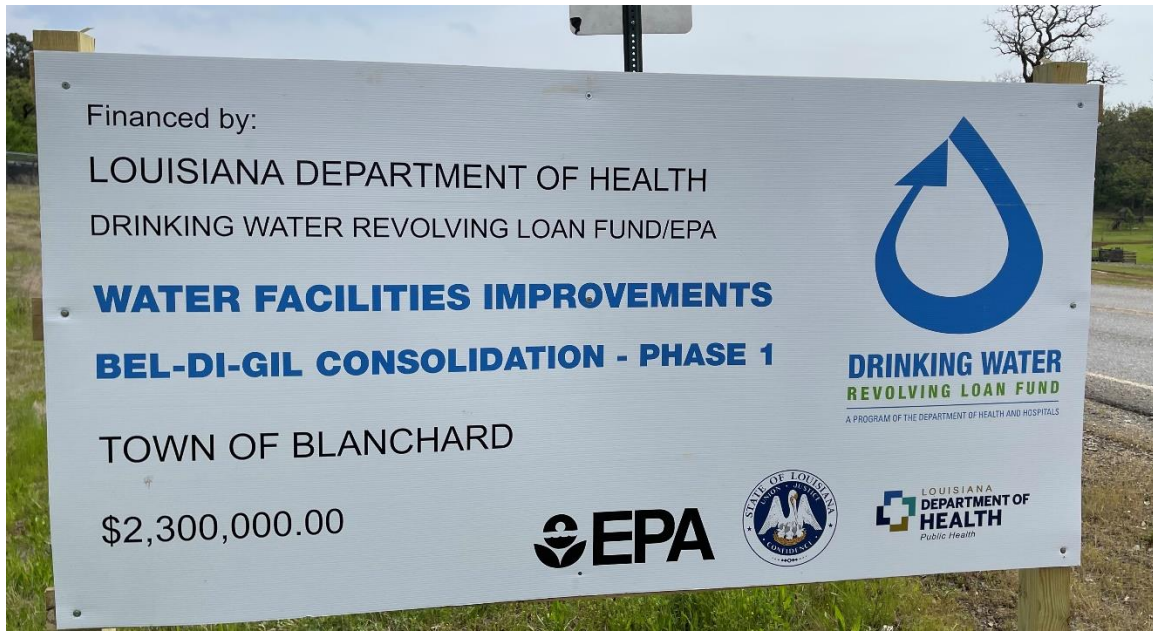
Any public water system requesting financing thru the Louisiana Drinking Water Revolving Loan Fund is required to submit a Business Plan packet to the Capacity Development Coordinator to ensure the proposed project and system have the technical, managerial, and financial capacity to improve the public water supply for the citizens of Louisiana. During this reporting period, 11 systems submitted Business Plans and were approved by the Capacity Development staff. These systems include:

Village of Harrisonburg
Town of Sunset
City of Winnfield
West Feliciana WWD#13
Livingston Ward 2, Loan #6
East Central Vernon Loan 2

City of Lake Charles
Sabine Parish WWD #1, Loan 4
Village of Simsboro
Kolin Ruby-Wise
Town of Lutcher

The 2016 State Legislature adopted Act 444 (HB 729). This act requires LDH to review and/or approve any rate changes requested from non-profit water systems which have existing debt with the Drinking Water Revolving Loan Fund. This activity is approved by EPA as an eligible activity within the Financial Capacity portion of the existing systems strategy. Assisting water systems with maintaining capacity so that long-term sustainability is achieved continues to be the LDH objective for this work.





Challenges to Implementing Louisiana's Capacity Development Strategy's

The main problem facing the Capacity Development Program in Louisiana is the lack of consolidation. Due to the over construction of many water systems throughout the state, local communities are unable to financially and technically support these water systems. Also, many of the systems that have been placed on the non-compliance list are small rural systems located in poor communities. With the help of the Louisiana Capacity Development Program, these small systems have tried to eliminate the problems they have encountered but

are unable to meet the financial burden placed upon them by new EPA regulations. To ensure safe and affordable drinking water for the citizens of Louisiana, LDH continues to encourage the merging of these systems to share costs and ensure compliance with the Safe Drinking Water Act. Recently, LDH began a new "Public Health Water Infrastructure Consolidation Initiative." This initiative provides 100% principal forgiveness loans for consolidation projects across the state that involve non-compliant systems.

Status of Louisiana's Capacity Development Strategy

The Louisiana Capacity Development Program has enhanced the existing water system capacity assessment via its 'Simplified Business Plan', which solicits basic information in a way that's easy to understand relative to the technical, managerial, and financial capacity of the systems selected. Capacity Assessments are conducted on-site at the selected water systems by DWRLF engineers that are trained to assist these systems in completion of the requested information. LDH is also utilizing marketing, conferences, and other type of communications and publications to inform the water systems and public of the benefits of going through the Capacity Development Program. These approaches are working well as it has become commonplace for water systems to request a Capacity Development Assessment. The Capacity Development Program, through its Management Training Program, presents all new regulations and their interpretation to systems throughout the state. LDH measures the effectiveness of its Capacity Development Program by monitoring the number and nature of violations being detected on systems that have

undergone capacity assessments. DWRLF has seen and expects to continue to see a reduction in violations due to the increased availability and presentation of information regarding new and existing regulations as part of this program. In response to the Louisiana Legislature in 2016, Capacity Development Assessments are also now conducted as part of each Sanitary Survey in order to stress the importance of asset management and strategic financial planning. Additionally, the Louisiana Capacity Development Strategy was revised in December 2021 to add Asset Management as required by the American Water Infrastructure Act of 2018 and has been successfully reviewed and approved by EPA.

The Louisiana Capacity Development Program will continue to build partnerships between the state and local water systems through the three components of technical, managerial, and financial capacity to ensure safe drinking water for every citizen of the State of Louisiana.

