

**DRINKING WATER
REVOLVING LOAN FUND**

A PROGRAM OF THE DEPARTMENT OF HEALTH AND HOSPITALS



2008 ANNUAL REPORT

TO IMPROVE THE PUBLIC HEALTH OF
LOUISIANA CITIZENS BY ASSISTING PUBLIC
WATER SYSTEMS WITH DELIVERING SAFE
AND AFFORDABLE DRINKING WATER



LOUISIANA



Department of
HEALTH and
HOSPITALS



DRINKINGWATERLOANS.INFO



ABOUT THE DWRLF

Every day Louisiana citizens consume drinking water supplied by more than 1,600 public water systems.

Operators and managers work tirelessly to ensure the safety of their product and the reliability of their service at affordable prices. The Louisiana Drinking Water Revolving Loan Fund is committed to assisting them by funding infrastructure projects necessary to provide a safe and secure supply of drinking water to ensure the public health of every community.

The State of Louisiana's Department of Health and Hospitals administers the Drinking Water Revolving Loan Fund (DWRLF). Since 1997 the DWRLF has been providing low-interest loans and technical assistance to public water systems in Louisiana. The United States Environmental Protection Agency funds the program with an annual capitalization grant matched with state dollars.

THE DWRLF COMPETITIVE ADVANTAGE

- Flexible loan terms
- Refinance existing debt
- Interim financing
- Below market rates
- No origination fees
- No prepayment penalties
- Local share to match state & federal grants

ELIGIBLE WATER SYSTEMS

- Community water systems
- Governmental entities (municipalities, parishes, school boards)
- Non-profit corporations
- For profit corporations
- Non-community non-profit corporations

2008 HIGHLIGHTS:

Seven loans totaling \$4,680,000 were awarded during SFY2008.

The loans closed in SFY2008 were for the Town of Slaughter, Buckeye

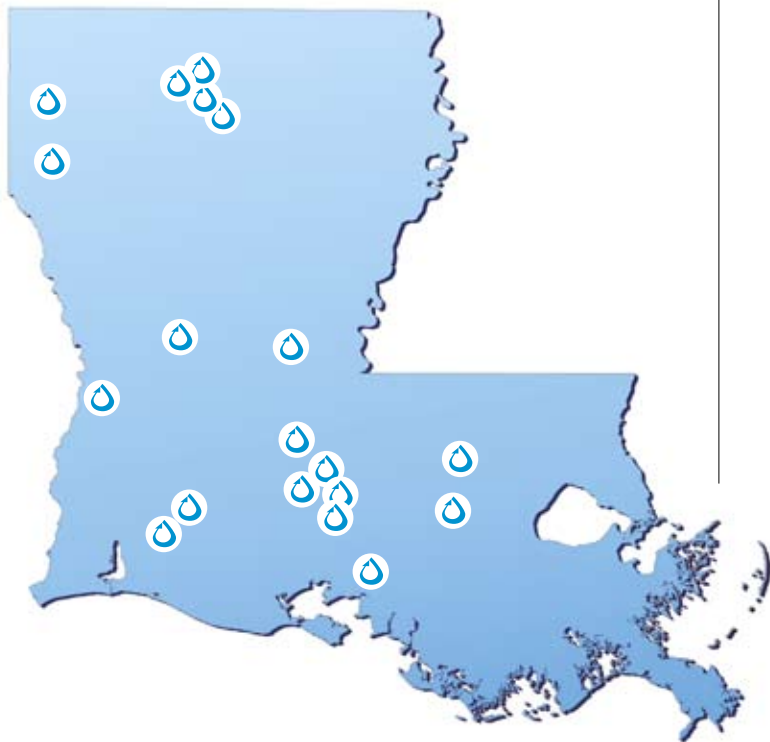
Water District #50, Point Wilhite Water System, Inc., West Winnsboro

Water System, loan #2, and United Water System, Inc.

To Date: 34 loans have been awarded to 24 water systems

To Date: 21 projects fully constructed or complete and in operation

To Date: 1 loan had been fully paid back and there are no defaults



DWRLF LOANS CLOSED

PROJECT NAME	LOAN AWARD
1 Town of Church Point	\$2,500,000
2 City of Oakdale	\$1,500,000
3 Ward 2, Water Dist., Livingston Parish	\$9,000,000
4 Town of Many #1	\$1,000,000
5 Town of Many #2	\$1,100,000
6 Town of Many #3	\$1,500,000
7 City of Shreveport #1	\$7,000,000
8 City of Shreveport #2	\$7,000,000
9 City of Shreveport #3	\$5,540,000
10 Town of Baldwin	\$1,250,000
11 West Winnsboro	\$747,100
12 DeSoto Parish WWD #1	\$2,350,000
13 Village of Quitman	\$480,000
14 Colyell Community Water System	\$948,600
15 Culbertson Water System, Inc.	\$669,000
16 City of Natchitoches	\$3,500,000
17 City of Westlake	\$3,750,000
18 Ascension Water Co., Inc.	\$6,000,000
19 Lafayette Waterworks Dist. North	\$2,800,000
20 New Iberia - Louisiana Water Co.	\$6,000,000
21 Ward 2, Water Dist., Livingston Parish	\$6,000,000
22 City of Springhill	\$7,500,000
23 City of Monroe	\$3,000,000
24 French Settlement	\$1,000,000
25 Ascension Water Co., Inc. #2	\$5,000,000
26 New Iberia - Louisiana Water Co. #2	\$3,500,000
27 Savoy Swords Water System, Inc.	\$1,000,000
28 Town of Slaughter Loan #1	\$1,355,000
29 Town of Slaughter Loan #2	\$842,400
30 Town of Slaughter Loan #3	\$157,600
31 Buckeye Water District #50, Inc.	\$500,000
32 Point Wilhite Water System, Inc.	\$925,000
33 West Winnsboro	\$500,000
34 United Water System, Inc.	\$400,000
TOTAL	\$96,314,700

"The Revolving Loan Fund Program is the avenue chosen by the City of Springhill to improve its aging water system. This program has allowed us to begin replacing water mains throughout our city through a four phase project. The result of Phase I has been the completed installation of 25% of the city water mains and an automated meter reading system. The low interest rate allows us to make these improvements while keeping our cost affordable to our citizens. The Revolving Loan Fund along with the qualified and courteous personnel of the DHH Office have made this an enjoyable endeavor."

— Carroll Breaux, Mayor, City of Springhill

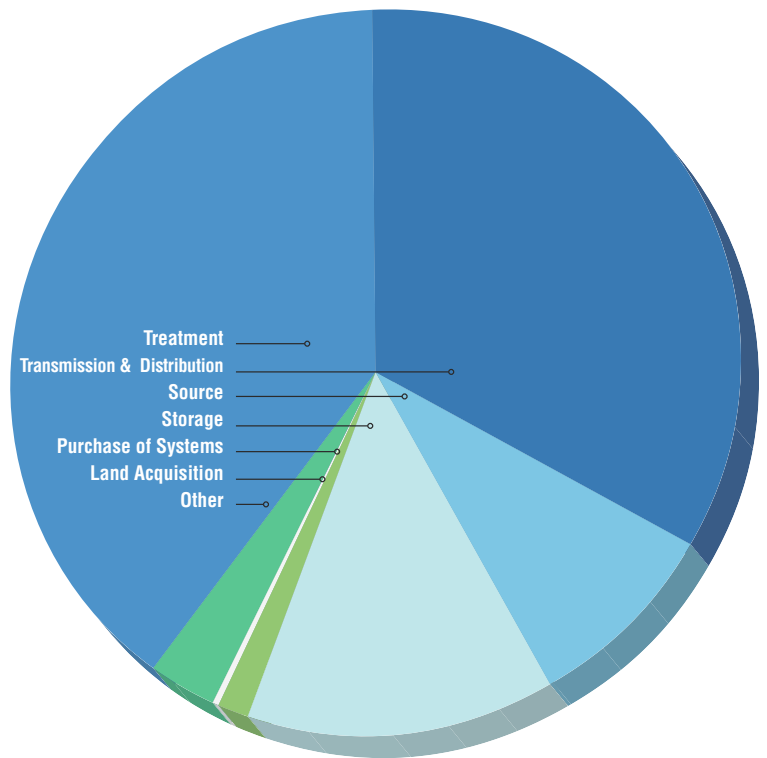


LOUISIANA'S WATER INFRASTRUCTURE NEEDS

The 1996 Safe Drinking Water Act Amendments mandated that EPA conduct an assessment of the nation's public water systems' infrastructure needs every 4 years, and use the findings to allocate Drinking Water State Revolving Fund (DWSRF) capitalization grants to states. The 2007 Needs Survey in Louisiana was performed by the DWRLF staff and revealed the state has a Total 20 Year Need for all community water systems (CWS) of \$6.9 Billion.

Of the \$6.9 Billion some \$2.4 Billion (35%) is needed by small CWS serving 10,000 or fewer people.

Respectively, the large CWS serving more than 10,000 population have an infrastructure need of \$4.5 Billion (65%).



CONSTRUCTION TYPE

Treatment	37,948,308
Transmission & Distribution	32,259,802
Source	8,348,750
Storage	13,278,440
Purchase of Systems	1,260,000
Land Acquisition	399,200
Other	2,820,200
Total Cumulative Amount	\$96,314,700

"We currently have two loans with the DWRLF. These loans have assisted our system in keeping up with the growing demands of providing our customers with clean, safe, drinking water as well as allowing us to get water service to areas of our community that otherwise would not have this benefit. We have been so pleased with this program that we are in the process of making a third loan with the program to extend our service to even more areas."

— Preston Killcrease, Manager, Ward 2 Water District

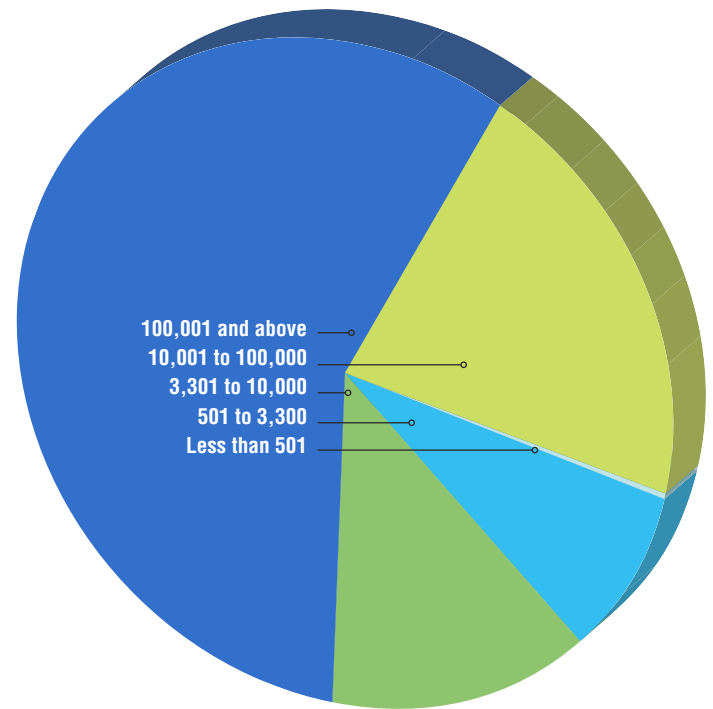


INVESTING IN LOUISIANA

The cycling of money through the DWRLF maximizes the resources available for water infrastructure improvements while yielding returns that have grown steadily since the beginning of the program.

Louisiana's Net Return on Contributed Capital as calculated in the Drinking Water National Information System is 2.6%. This is taking into account that the majority of the earnings of the fund must be utilized to retire state match bonds. This strong financial performance relates to increased public health benefits and will continue to grow and mature as Louisiana combines Federal dollars, state dollars, loan repayment dollars and interest earnings to perpetuate a true revolving fund.

To date, the loans made to water systems across the state have benefited a total population served of 486,464.



ASSISTANCE BY POPULATION SIZE (DOLLARS)

Less than 501	480,000
501 to 3,300	8,394,700
3,301 to 10,000	12,750,000
10,001 to 100,000	55,150,000
100,001 and Above	19,540,000
Total Cumulative Assistance	\$96,314,700

LAGNIAPPE

Formation of the Louisiana Water and Wastewater Joint Funding Committee: During the SFY 2008, the DWRLF staff met with the other major Louisiana state and federal funding agencies staff and all mutually agreed to informally create the Louisiana Water and Wastewater Joint Funding Committee (LWWJFC). The Committee was created to assist applicants in applying for funding to finance needed water and wastewater projects by maximizing the usage of all available state and federal loan and grant funds with one application.

The LWWJFC "Committee" members consist of the Community Resources Group (CRG), Louisiana Department of Environmental Quality (DEQ) Clean Water State Revolving Fund Program (CWSRF), Louisiana Department of the Health and Hospitals

(DHH) Drinking Water Revolving Loan Fund Program (DWRLF), Louisiana Division of Administration (DOA) Louisiana Community Development Block Grant Program (LCDBG), and the United States Department of Agriculture (USDA) Rural Development (RD).

The Committee meets monthly and its member's exchange review and discuss each other's environmental, engineering/technical and financial documents/requirements as well as each program's pre-applications/applications. The Committee reviews each application, makes a preliminary determination and refers the applicant to one or more of the members whose funding program appear to best fit the potential project.

COMMUNITY SPOTLIGHT SYSTEMS

UNITED WATER SYSTEM

Another system that benefited from the DWRLF in 2008 was United Water System. United is a membership owned water system that spans both St Landry and St Martin Parishes. The DWRLF was able to provide \$400,000 in funding to purchase, install, and implement an Automated Meter Reading (AMR) system to replace approximately 1200 outdated and inaccurate meters. Before the AMR system was installed, it required 3 operators and 5 days to read the service meters. Another issue was the safety of the operators on foot reading meters that were located on busy highways creating a potential dangerous situation. Today, it requires only one operator and a half day to read the same number of meters safely, therefore allowing the system's 3 operators to perform necessary duties required to stay in compliance with state and federal regulations. By installing new meters, the system has also seen an increase in revenue due to a more accurate read as well as a decrease in man hours needed to perform the monthly billing cycle.

"The loan that United Water System, Inc. made with DHH allowed our water department to make significant improvements in the reading of water meters. Prior to the changeover from manual reading of meters to radio reading, the process required approximately 100 man hours to complete the monthly task. Many re-reads were required.

Since its implementation, the reading of over 1000 meters requires only four hours and the errors have been virtually eliminated and gas consumption and wear and tear of the vehicle has been greatly reduced. United Water Systems appreciates the efforts of the Louisiana Department of Health and Hospitals.

The project could not have been completed and financed in such a timely manner without the cooperation of DHH. We look forward to working cooperatively on our next project with DHH."

Floyd Knott, President, United Water System, Inc.





WEST WINNSBORO WATER SYSTEM

West Winnsboro Water System is a membership owned water system located in Franklin Parish. Over the last few years, the system had seen an increase in population and new customers. To address concerns over existing production capacity and low water pressure, the water system made a \$500,000 loan with the DWRLF in 2008. The system with the assistance from the consulting engineer firm of Demon Engineering out of Monroe installed a 66,000 gallon ground water storage tank, booster station, vertical turbine water well pump, and replaced portions of the water mains with 6 and 8 inch pipe. The project also provided better flow and pressure to the Village of Gilbert which began purchasing water from West Winnsboro after two of the Village's wells were contaminated with gasoline from a service station's abandoned leaking underground storage tank. The system is currently experiencing customer satisfaction due to higher pressures and better water quality.

"As soon as we asked for the loan and for assistance, I was impressed by the action taken by DWRLF. Jay Ray and all his Team, a very impressive team I might add, immediately began the process to help us start our improvements. They all came to Winnsboro and came to our meeting to tell us what we needed to do and how to do it to make things happen. Thanks to all the team at DWRLF"

Cloid White, West Winnsboro Water System Board Member



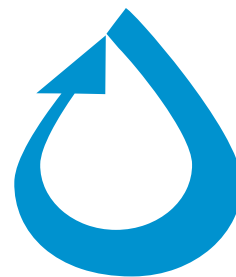
"I have had personal experience with a number of federal and state loan grant programs over the years, and I have never seen a program administered on a local level, on a more equitable, efficient, and pleasant basis. The DWRLF staff makes funds available with a minimum of red tape, but with careful attention to all the legal and regulatory requirements of the program. It really makes the position of a borrower under this program appreciate what a fine program it is when placed in the hands of such a capable staff."

— Eugene H. Owen, President, Louisiana Water Company



BRIGHT FUTURE AHEAD

Because of the rising infrastructure needs, complex new drinking water regulations, and the tightening of credit markets and local budgets, the demand for the DWRLF financing will only increase. Building on its foundation of success, the DWRLF will continue to grow and meet the needs of drinking water systems across Louisiana...



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