

Water Options From State of Louisiana Presented to Tallulah

On Wednesday, June 5, 2019, the Tallulah Water Team met with representatives from the State of Louisiana regarding cost estimates for various options pertaining to the Tallulah Water System. As promised, I am making that information available prior to the Public Water Meeting on Tuesday, June 11, 2019 at 6:00 pm at the Tallulah Madison Community Center.

This information is what was presented to Tallulah and I wanted it to be made available to the public. Please know that there has been no decision made regarding our water system. My goal is to have the public aware of all the information that is available and together, we will make the best decision for Tallulah.

There are many questions that you will have and that I have. I will address all of those questions at the public meeting. Please share the meeting information with your friends and family. This water decision is crucial to Tallulah and one that we will have to live with for a very long time. I look forward to seeing all of you on June 11, 2019.

Mayor Gloria Owens Hayden

Interim Plan

- Existing plant requires improvements to maintain water quality until long term solution is completed. **This is a necessity, but not a final solution.
- Total Cost: \$1M; \$800,000 debt service
- Financing: LDH Loan with 30% Loan Forgiveness up to \$200,000 max
 - Term 20 years at 2.45%
 - Total Debt Service: \$800,000
 - Annual Payment: \$66,580
- Cost to customers:
 - By Usage: Residential: Base – add \$1.25
 - Commercial: Base – add \$6.00
 - Spread Equally: \$1.68/Customer

Operator Requirement: Minimum 2 Class III operators holding certification In Water Treatment, Water Production, Water Distribution

*** A portion of these funds may be forgiven if paired with Option 3*

Option 1 – Construct New Plant

- Build a new system and demolish all old equipment *
- Total Cost: \$13.8M
- Financing: LDH Loan
 - 20 years at 2.45%
 - Total Debt Service \$13,794,210 no forgiveness if interim plan is constructed
 - Annual Payment: \$1,148,023
- Cost to customers:
 - By Usage: Residential: Base – add \$11.25; over 1,000 gallons – add \$3.30/1,000 gallons
 - Commercial: Base – add \$41.00; over 1000 gallon – add \$3.35/1,000 gallon
 - Spread equally: \$32.38/customer

Operator Requirement: Minimum two Class III operators holding certification In Water Treatment, Water Production and Water Distribution. Required At plant 24 hours or while operable.

**Pricing is based on information provided by McManus Engineers in packet dated April 8, 2019*

Option 2 – Purchase Water

- Upgrade infrastructure to share with another water system. No water treatment required, but purchase agreement needed. Other water system to operate water treatment, Tallulah to continue to operate distribution and meter reading.
- Total Cost \$6.2M + \$2.50/1,000 gallons purchased (\$750,000/yr.)
- Financing: LDH Loan Program
 - Term 20 years at 2.45%
 - Total Debt Service: \$6,200,000
 - Annual Payment: \$830,534 (including purchased water)
- Cost to customers
 - By Usage; Residential: Base – add \$8.25; over 1,000 gallons add \$2.50/1,000 gallons
 - Commercial: Base – add \$26.00; over 1,000 – add \$2.75/1,000 gallons
 - Spread Equally: \$23.42/customer

Operator Requirement: Minimum 2 Class III operators holding certification in Water Distribution only

Option 3 – Partnership /Consolidation

- Upgrade the required infrastructure to merge/consolidate water system with another system. 5+ years to complete (approximate) . Long term agreements between systems needed.
- Total Cost: No capital cost
- Financing: LDH Loan Program
 - Consolidation Initiative
 - Total Debt Service: \$8,000,000
 - Annual Payment: Loan forgiven
- Cost to customers:
 - No change in rates:
 - LDH Interim Loan: \$800,000. Payment \$66,580/year until 2040
 - Existing Revenue Bonds \$8.2M - \$470,000/year until 2033
 - Collections = \$799,268/year allowing town to pay off all water debt (existing and newly incurred) in 14 years

No Operator Requirement. To fund this option by LDH Program, there must be A binding partnership/consolidation between Tallulah and another water system.