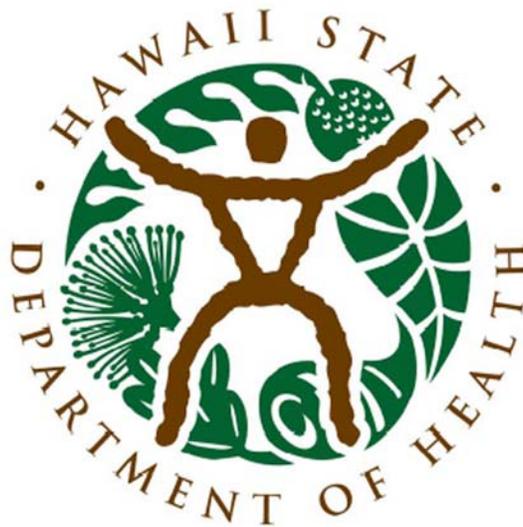

DRINKING WATER TREATMENT REVOLVING LOAN FUND
INTENDED USE PLAN FOR
THE STATE OF HAWAII FISCAL YEAR (SFY) 2009
AND
THE FEDERAL FISCAL YEAR (FFY) 2008 APPROPRIATION



Submitted to the
U.S. Environmental Protection Agency
Region IX
By the
State of Hawaii

State of Hawaii
Department of Health
Environmental Management Division
Safe Drinking Water Branch
Wastewater Branch

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I. INTRODUCTION

A. STATE OF HAWAII'S DRINKING WATER STATE REVOLVING FUND PROGRAM

In 1996, the Drinking Water State Revolving Fund (DWSRF) was established by Congress with the passage of Federal amendments to the Safe Drinking Water Act, hereafter referred to as "the Act" (Public Law 104-182). Section 1452 of the Act authorized the Administrator of the Environmental Protection Agency (EPA) to award capitalization grants to States for the purpose of establishing a loan program to finance drinking water infrastructure projects necessary for public water systems to attain and maintain compliance with Act requirements and to further the health protection objectives of the Act.

On May 2, 1997, Hawaii's Governor signed legislation to establish the Drinking Water Treatment Revolving Loan Fund (Act 218/97) in the State of Hawaii. The Drinking Water Treatment Revolving Loan Fund, more commonly known as DWSRF, complies with the provisions of the Act, Section 1452, for the State of Hawaii.

The Department of Health (DOH), Environmental Management Division, Safe Drinking Water Branch (SDWB) and Wastewater Branch jointly administer Hawaii's DWSRF Program. Administration is in accordance with Hawaii Revised Statutes, Chapter 340E, Hawaii Administrative Rules, Chapter 11-65 and a Memorandum of Agreement between the SDWB and the Wastewater Branch.

B. DWSRF PROGRAM OVERVIEW

From Federal Fiscal Years (FFYs) 1997 through 2007, EPA approved capitalization grants totaling \$91,793,500.00 to be utilized by Hawaii's DWSRF Program. Of this total capitalization grant amount, \$15,891,331.73 has been set-aside for activities relating to the administration of the loan program and to support other drinking water program initiatives. The remaining capitalization grant monies, \$75,902,168.27, have been deposited into the "Loan Fund," and will be used to finance loans for eligible DWSRF projects. In addition, Section 1452(e) of the Act mandates that the State must deposit into the Loan Fund an amount from State monies equaling at least 20 percent of each capitalization grant payment. State Match appropriations for this period totaled \$18,903,000.00.

Table 1. DWSRF Loan Fund Overview (June 30, 2008)

DWSRF Loan Fund Overview (June 30, 2008)	Federal Fiscal Years 1997-2007
DWSRF Capitalization Grants	\$91,793,500.00
Less Set-Aside Funds*	(\$15,891,331.73)
State Match Appropriations	\$18,903,000.00
TOTAL DWSRF LOAN FUND	\$94,805,168.27

*See *Set-Asides Overview* for itemization.

A total of \$69,471,848.60 has already been used to finance construction projects, with an additional \$6,256,399.00 being formally committed to pending DWSRF loans.

Additional loan commitments are anticipated for several other eligible drinking water projects that are currently being processed.

States are allowed to set-aside part of the federal capitalization grants to support the various drinking water programs. Separate and identifiable accounts have been developed to be used for these Set-Aside Activities. To date, a total of \$15,891,331.73 has been set-aside for these activities as shown below.

Table 2. Set-Asides Overview (June 30, 2008)

Act Set-Aside Reference	Set-Aside Activity	FFY 1997-2007 Set-Aside Funds
Section 1452 (g) (2) – (4%)	DWSRF Administration Fund	\$2,684,488.00
Section 1452 (g) (2) – (10%)	State Program Management	\$6,701,119.88
Section 1452 (g) (2) – (2%)	Small Systems Technical Assistance	\$1,320,465.16
Section 1452 (k) – (15%)	Local Assistance and Other State Programs	\$5,185,258.69
Total Set-Asides for FFY 1997-2007		\$15,891,331.73

C. INTENDED USE PLAN OBJECTIVE

The State of Hawaii, DOH developed this Intended Use Plan for the State Fiscal Year (SFY) 2009. This Intended Use Plan will be submitted to the EPA as part of the DOH’s application for the DWSRF FFY 2008 Capitalization Grant Appropriation.

This Intended Use Plan is a central component of Hawaii’s DWSRF FFY 2008 Capitalization Grant Application and serves to convey the Program’s plan to interested parties, which may include owners of public water systems, the general public, EPA, and other State agencies or departments.

DWSRF Program plans for SFY 2009 are based on the FFY 2008 Federal Capitalization Grant of \$8,146,000.00 (estimated) from EPA and receipt of \$1,671,000.00 (estimated) appropriated by the 2008 State Legislature for use as the State Match. This Intended Use Plan will provide information regarding the use of the federal, state and additional monies generated from other program sources during this SFY 2009 period. Details on key aspects of the Program, including the long- and short-term goals, the priority setting criteria, and a listing of projects, are included in this Intended Use Plan.

This Intended Use Plan for SFY 2009, when finalized and approved will replace the previous Intended Use Plan for SFY 2008. An Intended Use Plan is written annually for each SFY.

II. DWSRF LONG-TERM AND SHORT-TERM GOALS

In establishing the national DWSRF Program, Congress gave the States the flexibility to design a program that can be tailored to meet the needs of the local public water systems. The long- and short-term goals for Hawaii’s DWSRF Program are presented below. They provide a framework for the direction of Hawaii’s DWSRF Program.

A. LONG-TERM GOALS

1. To assist as many water purveyors as possible to attain compliance with State and Federal Drinking Water Regulations through the low-interest loan program.

2. To maintain the DWSRF Program in perpetuity.
3. To research options of providing funds to assist in financing improvements to privately-owned public water systems.

B. SHORT-TERM GOALS

1. Continue development of a system to track the currently required tracking items, which may include accounting, management, set-asides, compliance and customer service concerns.
2. Continue modification of the Functional Procedures to reflect and meet the DWSRF requirements and needs.
3. Continue to follow the implementation of the Capacity Evaluation program and adjust the implementation to meet with the DWSRF loan program needs.

III. DWSRF FINANCIAL INFORMATION

A. DWSRF CAPITALIZATION GRANT FOR FFY 2008

For FFY 2008, Congress has appropriated \$829,029,000.00 for the national DWSRF program. Subtracting National Set-Asides of \$14,435,000.00 from the original appropriation leaves \$814,594,000.00 for individual state programs. Based on the latest Drinking Water Needs Survey, Hawaii's share for FFY 2008 is 1 percent of the total allotment for state programs, or \$8,146,000.00.

Hawaii's DWSRF is proposing to take 15 percent (\$1,221,900.00) of the FFY 2008 capitalization grant for set-asides. The remaining \$6,924,100.00 of the FFY 2008 Capitalization Grant and appropriate State Match amount will be dedicated for funding eligible construction projects as noted in the Priority List of Projects section of this Intended Use Plan. In addition, Hawaii's DWSRF is proposing to bank 12 percent (\$977,520.00) of the FFY 2008 Capitalization Grant in the loan fund, which may be taken from future Capitalization Grants for set-asides.

B. DWSRF PROJECT ELIGIBILITY

The DWSRF Program will fund drinking water projects, which are eligible for DWSRF consideration. The project categories include:

- Projects to correct acute health problems;
- Projects to correct chronic health problems; and
- Projects to meet other public health criteria.

C. FINANCING GUIDELINES FOR GOVERNMENT- (STATE AND COUNTY) OWNED PUBLIC WATER SYSTEMS

Hawaii's DWSRF Program will provide low-interest loans for construction of eligible drinking water projects within the State. Project priority will be determined by program guidelines as detailed in Section V, "Priority List of Projects and Project Selection Procedures" in this Intended Use Plan.

In most cases, loans to eligible projects are made under terms and conditions effective at the time of financing. The following guidelines are currently in place at this time.

- Loans to eligible projects, using the currently available DWSRF funds, can be for 100 percent financing of the allowable project costs.
- Loan repayment periods will be limited to a maximum of 20 years, with repayment installments to be made semi-annually.
- DWSRF loan rates will remain fixed over the life of the loan.
- The DWSRF loan rate will be based on the current annual rate of the weekly Bond Buyers 20-year General Obligation index bond interest rate less a percentage rate of one percent (1.0%) at the time a loan commitment is issued. In the event that the annual rate of the weekly Bond Buyers 20-year General Obligation index bond interest rate less a percentage rate of one percent (1.0%) falls below three and twenty-five one hundredths percent (3.25%), the rate shall be three and twenty-five one hundredths percent (3.25%).
- The interest portion of this DWSRF loan rate will be the annual DWSRF loan rate established above less three and twenty-five one hundredths percent (3.25%).
- Administrative loan fees will be equivalent to the outstanding principal balance of the loan multiplied by an annual rate of three and twenty-five one hundredths percent (3.25%), to be computed based on, and be payable on, the same dates that corresponding repayments of the principal and interest on the loan are due.
- The principal amortization for most DWSRF loans will begin one year after the Notice to Proceed (NTP) or the date of the final loan agreement, whichever is later.

D. STATUS OF DWSRF FUNDS

The "Sources and Uses of DWSRF Funds" are summarized in Appendix A and identify Hawaii's total funding sources and uses for SFY 2009. This report is based on the DWSRF Program's receipt of:

1. Sources:
 - The FFY 2008 Federal Capitalization Grant totaling \$8,146,000.00;
 - The projected appropriation for State Match provided by the 2008 State legislature for \$1,671,000.00;
 - The estimated uncommitted DWSRF funds on June 30, 2008 is projected to total \$8,251,946.95;
 - The projected DWSRF loan repayments (Principal and Interest) in SFY 2009 projected to total \$2,972,010.24;
 - The projected DWSRF investment interest in SFY 2009 to total \$1,647,569.52;

- Loan Fees:

On May 17, 2000, the State adopted Chapter 11-65, Hawaii Administrative Rules, entitled “Environmental State Revolving Funds.” These rules establish fees for loans and other financial assistance from the DWSRF. There are two classes of loan fees:

(1) Program Fees: The State utilizes Program Fee monies only to cover DWSRF program administrative costs. Administrative activities include the costs of processing, issuing and servicing loans, supporting engineering services, financial and legal consulting fees, reimbursement for support services from the State, and other DWSRF activities.

Program Loan Fees collected (SFY 2007)	\$257,211.90
Actual Expenses incurred (SFY 2007) ¹	\$59,410.46
Program Loan Fees projected (SFY 2008)	\$577,636.43
Program Loan Fees projected (SFY 2009)	\$344,487.16

(2) Non-Program Fees: The State may utilize Non-Program Fees to primarily support DWSRF Administrative activities, secondary to support the DWSRF loan fund, and then if available or applicable to support the Public Water System Supervision Program and other Safe Drinking Water Branch activities.

Non-Program Loan Fees collected (SFY 2007)	\$375,656.73
Actual Expenses incurred (SFY 2007)	\$0.00
Non-Program Loan Fees projected (SFY 2008)	\$708,562.45
Non-Program Loan Fees projected (SFY 2009)	\$1,143,157.41

The current annual loan fee rate is three and twenty-five one hundredths percent (3.25%) per annum of the outstanding principal balance of the loan.

2. Uses:

- Projected DWSRF Administrative expenses (4% set-aside) in SFY 2009 total \$558,318.00;
- Projected State Program Management expenses (10% set-aside) in SFY 2009 total \$1,304,038.00;
- Projected Small Systems Technical Assistance expenses (2% set-aside) in SFY 2009 total \$260,000.00;
- Projected Local Assistance and Other State Programs expenses (15% set-aside) in SFY 2009 total \$1,886,542.00; and
- Projected Loans (expected to be executed) in SFY 2009 to total \$47,424,332.00.

¹ Actual expenses incurred are based on State of Hawaii, Financial Accounting & Management Information System (FAMIS)

IV. SET-ASIDE ACTIVITIES

The Act allows each state to set-aside up to 31 percent of its federal capitalization grant to support various drinking water program activities including administration, State program management, technical assistance and other special activities. Hawaii will set-aside 15 percent (\$1,221,900.00) of the FFY 2008 Capitalization Grant to be used as described in the narrative below. In addition, Hawaii will bank 12 percent (\$977,520.00) of the FFY 2008 Capitalization Grant in the loan fund. Banking in the loan fund allows the funds to be used for loans now and reserves Hawaii's authority to take these funds from future capitalization grants for the purposes described in Table 3 and the narrative below. The cumulative banked set-asides for FFY 1997-2008 Capitalization Grant Funds will total \$1,800,420.00.

Hawaii will submit detailed workplans to EPA for approval before funds are expended on these activities. Hawaii will report on the progress of these set-aside activities to EPA in the annual performance status reports.

Table 3. Set-Asides Overview

SDWA Act Set-Aside Reference	Set-Aside Activity	Set-Aside FFY 2008 Capitalization Grant Funds	Banked Set-Aside FFY 2008 Capitalization Grant Funds	Banked Set-Aside FFY 1997-2007 Capitalization Grant Funds
Section 1452 (g) (2) – (4%)	DWSRF Administration Fund	\$0.00	\$0.00	\$0.00
Section 1452 (g) (2) – (10%)	State Program Management	\$0.00	\$814,600.00	\$822,900.00
Section 1452 (g) (2) – (2%)	Small Systems Technical Assistance	\$0.00	\$162,920.00	\$0.00
Section 1452 (k) – (15%)	Local Assistance and Other State Programs	\$1,221,900.00	\$0.00	\$0.00
Total Set-Asides FFY 2008 Capitalization Grant		\$1,221,900.00	\$977,520.00	\$822,900.00
Total Banked Set-Asides FFY 1997-2008 Capitalization Grant Funds			\$1,800,420.00	

A. DWSRF ADMINISTRATION FUND (4% SET-ASIDE)

Section 1452(g)(2) of the Act allows up to four percent of the DWSRF Capitalization Grant to be set-aside for administration of the DWSRF program. Based on previous comments by EPA Region IX, Hawaii will not take any of the four percent set-aside from the Capitalization Grant this year. Instead, the program will utilize unspent four percent set-aside funds from past years' Capitalization Grants.

Administrative functions include the development, implementation and review of DWSRF program processes and documentation needs that may include, but are not limited to, financial, managerial, and legal consultation, DWSRF set-aside and funds accounting, application review, public assistance, audits, information system maintenance, record retention and filing, environmental review, development of the Intended Use Plan and Priority List of Projects, budget, workplan, plans and specifications review and approval, construction inspections and staff training.

B. STATE PROGRAM MANAGEMENT (10% SET-ASIDE)

Section 1452(g)(2) of the Act allows up to ten percent of the DWSRF Capitalization Grant to be set-aside to support Public Water System Supervision program activities and other initiatives of the Act. Based on comments by EPA Region IX, Hawaii will not take any of the ten percent set-aside from the Capitalization Grant this year. Instead, the program will utilize unspent ten percent set-aside funds from past years' Capitalization Grants and bank ten percent (\$814,600.00) of the FFY 2008 Capitalization Grant in the loan fund, which may be taken from future Capitalization Grants to support State program management activities.

These funds support activities, which are important for the State Program to maintain primary enforcement authority, and strengthen the State's Public Water System Supervision program. Activities covered under the State Program Management set-aside include, but are not limited to, Public Water System Supervision program activities, capacity development, operator certification, sanitary surveys, regulation development and contracts for conducting sanitary surveys, security training, cross-connection training, and quality assurance and quality control measures.

C. SMALL SYSTEMS TECHNICAL ASSISTANCE (2% SET-ASIDE)

Section 1452(g)(2) of the Act allows up to two percent of the DWSRF Capitalization Grant to be set-aside to support Small Systems Technical Assistance activities. Based on comments by EPA Region IX, Hawaii will not take any of the two percent set-aside from the Capitalization Grant this year. Instead, the program will utilize the two percent set-aside funds accrued from past years' Capitalization Grants and bank two percent (\$162,920.00) of the FFY 2008 Capitalization Grant in the loan fund, which may be taken from future Capitalization Grants to support Small Systems Technical Assistance activities.

These funds will be used to provide assistance to public water systems serving fewer than 10,000 people or 89 percent of the public water systems in Hawaii. Activities under this set-aside include helping systems prepare their DWSRF loan applications, assistance with improving their technical, financial, and managerial capability, training, and planning, technical assistance via sanitary survey follow-ups, direct on-site assistance and a Circuit Rider program to address any necessary improvements to the water system, and a disadvantaged community planning and design grant program.

D. LOCAL ASSISTANCE AND OTHER STATE PROGRAMS (15% SET-ASIDE)

Section 1452(k) of the Act allows up to 15 percent of the Capitalization Grant to be set-aside to support Local Assistance and Other State Programs. Hawaii will take all of the fifteen percent set-aside from the Capitalization Grant this year to support these activities.

Activities under this set-aside include, but are not limited to, wellhead protection and related source water protection activities (such as, creating local source water protection advisory committees, development of source water protection plans and strategies, and implementing protection activities including outreach and educational programs); technical, financial and managerial capacity development and related activities, which may include vulnerability assessments, contingency and emergency response plans, and fencing and security cameras for protecting drinking water sources; technical assistance via sanitary survey follow-ups and direct on-site assistance to address any necessary improvements to the water system and a Circuit Rider program to address any necessary improvements to the water system, and a disadvantaged community planning and design grant program. In addition, Hawaii will utilize past Capitalization Grants 15% set-aside funds to support any or all of the activities

listed here. None of the individual activities listed will exceed ten percent of any particular year's Capitalization Grant.

E. DISADVANTAGED COMMUNITY PLANNING AND DESIGN GRANT PROGRAM

Beginning in SFY 2009, Hawaii will establish a Disadvantaged Community Planning and Design Grant Program (Grant Program). The Grant Program offers grant assistance to DWSRF loan recipients, who meet disadvantaged community criteria and execute a binding commitment after July 1, 2008, to assist with planning and design costs associated with their DWSRF project.

A disadvantaged community is defined as a public water system's community with a median household income (MHI) less than the State's MHI of \$49,820, as demonstrated in the 2000 Census.

Only one \$25,000 grant is available per project. Grants will be awarded to projects following the same project selection procedures for DWSRF funding as described in the next section of this Intended Use Plan. The Grant Program will be funded by the Small Systems Technical Assistance (2%) and Local Assistance and Other State Assistance (15%) set-asides, depending on the public water system size and available funding.

V. PRIORITY LIST OF PROJECTS AND PROJECT SELECTION PROCEDURES

A. PRIORITY LIST OF PROJECTS

Any project considered for funding must be listed on the Priority List of Projects. The "DWSRF Priority List of Projects for SFY 2009" is presented in Appendix B. In September 2007, the SDWB DWSRF Program sent a letter to water purveyors to submit proposed projects for DWSRF funding. The Priority List of Projects was developed by evaluating the proposed projects based on the Project Selection Procedures and DWSRF Rating Criteria.

The priority ranking system is applicable for projects to be funded through the DWSRF program. Amendments to the Project Selection Procedures and DWSRF Rating Criteria will be considered as appropriate to reflect the changing character of the Program. The "DWSRF Project Rating Criteria" is found in Appendix C.

B. PROJECT SELECTION PROCEDURES

The State of Hawaii utilizes a ranking system to establish the order in which eligible projects will be financed. Projects are ranked based on the relative impact of the project in achieving the objectives of the Act. In general, priority is given to current construction projects that facilitate compliance with national primary drinking water regulations applicable to the system or otherwise significantly further the health protection objectives of the Act.

The Priority List of Projects is developed and updated each year and placed in the Intended Use Plan. The Intended Use Plan is then made available for public review and comment each year.

As required by the Act Amendments of 1996, the priority ranking system attempts to assign the highest priority to those projects, which:

1. Address the most serious risk to human health;
2. Are necessary to ensure compliance with the requirements of the Act; and

3. Assist systems most in need, on a per household basis.

Projects are ranked against all other projects competing for funds using the DWSRF Project Rating Criteria. While points are primarily assigned on a basis of the health problems or the Act compliance issue being addressed by a project, a final criterion is reserved for determining the priority of eligible projects with the same point totals.

The Act amendments of 1996 require that 15 percent of the monies available for funding projects each fiscal year must go to public water systems that serve 10,000 or fewer persons (small public water systems). Thus, the highest ranking small public water system project that will be ready-to-proceed in that fiscal year will be selected to satisfy the minimum 15 percent level. In the event that there are no projects that meet these criteria, DOH will make this portion of the fund available to all other public water systems. This will ensure that the funds are allocated as expeditiously as possible and are efficiently utilized.

Due to the limited amount of funds available and the anticipated demand for low-interest loans, the DWSRF emphasizes the financing of current construction projects addressing public health protection and compliance.

C. TIE-BREAKING PROCEDURE

The following procedure is used for the purpose of breaking ties between projects at the time of evaluation.

1. If the tie is between public water systems with service populations greater than 10,000 persons (large public water system) and public water systems with service populations of 10,000 or fewer persons (small public water system), the small water systems will be given the higher priority.
2. For small public water systems, the tie will be broken through the evaluation of the affected population's Median Household Income. The higher priority will be assigned to the public water system with the lowest Median Household Income. Where this fails to clearly determine project rank, the highest priority will be assigned to the project, which exhibits the highest cost per person, based on the system's population.
3. Similarly, for large public water systems, the tie will be broken through the evaluation of the affected population's Median Household Income. The higher priority will be assigned to the public water system with the lowest Median Household Income. Where this fails to clearly determine project rank, the highest priority will be assigned to the project, which exhibits the highest cost per person, based on the system's population.

D. BYPASS PROCEDURE

The DOH will work with the highest ranked public water systems to ensure that the highest ranked projects are funded first.

However, the final funding selection of drinking water projects from the Priority List of Projects will be based primarily on the project's "readiness-to-proceed." If, for whatever reason, a public water system is not ready-to-proceed with construction in a timely fashion, the DOH may select a lower ranking project for funding based on its ability to proceed in a timely manner. This "bypass" procedure is necessary to ensure that the available funds will be disbursed in a timely manner.

The DOH reserves the right to fund lower priority projects over higher priority projects if in the opinion of DOH, a higher priority project has not taken the steps necessary to expeditiously prepare for funding and initiation of

construction (e.g. DOH has not received an approved application, project is not ready-to-proceed with construction, or the public water system withdraws its project for consideration). If a project must be bypassed because it has been delayed, it will be given high priority for funding as soon as it is ready and funds become available. The DOH may also raise the priority of a project on the Priority List of Projects in the case of an emergency or natural disaster, such as a landslide, hurricane, flood, earthquake, etc.

Currently, the DWSRF Program will not be providing funding for project refinancing. Projects previously on the DWSRF list for which construction has been completed, per consultation with the SDWB, and loan application processing was not initiated prior to or during construction, have been removed from the Priority List of Projects. In order to receive DWSRF funding, all projects must comply with the DWSRF and State Environmental Review Process prior to commencement of construction.

E. DISADVANTAGED COMMUNITIES

In the future, the DWSRF may provide additional loan subsidies, such as principal forgiveness or reduced rates, to benefit disadvantaged communities. A “disadvantaged community” is defined as meeting the affordability criteria described in the Disadvantaged Community Planning and Design Grants section of this Intended Use Plan. At this time, it is unknown what the level of this funding will be; however, it cannot exceed 30 percent of the Capitalization Grant for any fiscal year.

F. FUNDABLE LIST OF PROJECTS

For the SFY 2009, the following projects may be funded from the DWSRF Priority List of Projects for SFY 2009 based on potential available funds and readiness-to-proceed.

Table 4. Fundable List of Projects

Rank	Project No.	Project Name	Island	Estimated Construction Cost
1	DW133-0001	Kukuihaele Production Well and Supporting Facilities	Hawaii	\$2,671,606
2	DW130-0003	Waimea WTP Microfiltration – Phase IV	Hawaii	\$10,000,000
3	DW247-0004	Piiholo Water Treatment Plant Improvements – Organic Carbon Reduction	Maui	\$6,000,000
4	DW105-0001	Honomu Production Well and 0.3 MG Reservoir*	Hawaii	\$3,900,000
6	DW103-0001	Ninole Well “A” (Replace Chaves Spring)	Hawaii	\$2,000,000
7	DW109-0001	Pahala Well “B” (Replace Alii Tunnel)*	Hawaii	\$2,051,908
8	DW154-0001	Hakalau Spring Improvement	Hawaii	\$2,370,000
11	DW128-0001	Halaula Well	Hawaii	\$2,200,000
12	DW413-0003	Akulikuli Tunnel Repairs	Kauai	\$3,500,000

Rank	Project No.	Project Name	Island	Estimated Construction Cost
13	DW106-0001	Kulaimano Production Well and Supporting Facilities	Hawaii	\$2,500,000
14	DW412-0002	Puhi Well No. 2 & 3 CO2 Removal	Kauai	\$305,000
17	DW404-0003	Refurbish Eleele Steel Tanks	Kauai	\$1,000,000
18	DW406-0005	Kaumuali'i Highway 12-inch Main Replacement Elepaio Road to Huakai Road, Job No. 05-04, KW-27, Kekaha-Waimea, Kaua'i, Hawaii	Kauai	\$7,200,000
19	DW406-0002	Waimea Canyon Drive Main Replacement	Kauai	\$4,300,000
20	DW406-0003	Kapilimao 0.5 MG Tank*	Kauai	\$4,100,000
21	DW406-0006	8-inch Main Replacement for Elepaio Road	Kauai	\$3,300,000
22	DW406-0004	Waimea Well A and Kekaha Well B Renovations, Job No. 04-06, KW-05, KW-20 at Waimea and Kekaha, Kaua'i, Hawaii	Kauai	\$1,500,000
23	DW403-0001	Rehabilitation of Maka Ridge Deep Well, Tank, Pipeline and Roadway	Kauai	\$2,000,000
24	DW415-0002	Haena Steel Tank and Wainiha Booster Pump Renovation (HW-02 & HW-03)	Kauai	\$1,400,000
25	DW409-0002	Omao 677 – 0.50 MG Tank	Kauai	\$1,500,000
26	DW336-0001	Kamehameha Highway-Sunset Beach Water System Improvements, Parts I & IV	Oahu	\$5,700,000
28	DW336-0002	COMSAT Access Road Water System Improvements, Phase B	Oahu	\$1,000,000
29	DW412-0003	Kokolau Intake Facility and Pipeline Replacement	Kauai	\$2,750,000
30	DW434-0003	Waha, Wawae, and Niho Roads Main Replacement, Job No. 05-07, K-07, LO-13, at Kalaheo, Kaua'i, Hawaii	Kauai	\$3,000,000
31	DW434-0001	Kukuiofono 0.2 MG Tank Refurbish	Kauai	\$400,000
32	DW434-0002	Kalaheo Nursery Tank Booster Pump Station (2-200 GPM)	Kauai	\$350,000
33	DW331-0028	Waikiki Water System Improvements	Oahu	\$950,000
34	DW331-0026	Stadium Area Water System Improvements, Part I	Oahu	\$1,936,000

Rank	Project No.	Project Name	Island	Estimated Construction Cost
35	DW413-0008	Wailua Houselots Main Replacement, Ph I and II	Kauai	\$5,000,000
36	DW413-0007	Pipeline Replacement, Kapaa Homesteads	Kauai	\$4,600,000
37	DW331-0033	Kakaako Water System Improvements	Oahu	\$2,300,000
38	DW331-0034	Pacific Heights Water System Improvements, Part I	Oahu	\$1,700,000
39	DW331-0027	Kalihi Water System Improvements, Part I	Oahu	\$8,250,000
40	DW331-0021	Punahou Water System Improvements	Oahu	\$1,125,000
41	DW400-0001	Stable 1.0 MG Tank & Connecting Waterline*	Kauai	\$6,600,000
42	DW332-0004	Kamehameha Highway 8-inch Mains	Oahu	\$2,500,000
43	DW332-0003	Haleiwa Road Water System Improvements	Oahu	\$1,815,000
44	DW214-0009	Napili Well "A" Site Improvements	Maui	\$3,162,925
45	DW331-0030	Kaimuki Water System Improvements, Part I	Oahu	\$2,500,000
46	DW331-0035	Wilhemina Rise Water System Improvements, Part III	Oahu	\$1,760,000
47	DW331-0032	Maunalaha Homesites Water System Improvements	Oahu	\$1,200,000
48	DW331-0031	Oahu Ave and Huelani Drive 8-inch Mains	Oahu	\$1,870,000
49	DW331-0029	Manulani Street & Mowai Street 8-inch Mains	Oahu	\$900,000
50	DW331-0023	Kalama 400 Reservoir (1.0MG) and Kalama 170 Booster Station	Oahu	\$4,500,000
52	DW130-0004	Waimea Water Treatment Plant Sludge Drying Beds	Hawaii	\$5,000,000
57	DW130-0005	Ahualoa Well Development – Phase 1 and Ahualoa Well Development – Phase 2 (Production Well and 1.0 MG Reservoir)	Hawaii	\$5,000,000
58	DW108-0001	Waiohinu Well (Replace Mountain House Tunnel & Hao Spring)	Hawaii	\$2,000,000

*Projects with binding commitments

VI. ASSURANCES AND PROPOSALS

A. ENVIRONMENTAL REVIEW

Applicants are responsible for conducting environmental assessments as defined by Chapter 343, Hawaii Revised Statutes, entitled “Environmental Impact Statements,” and outlined in “A Guidebook for the Hawaii State Environmental Review Process.” The DWSRF Program will review each Applicant’s progress in this process. The DWSRF Program reserves the right to refuse any SRF loan to any Applicant for any reason if it feels that the proposed project has the potential to impact the environment in ways that the Applicant has not considered or has not addressed through mitigation measures.

B. FEDERAL CROSS-CUTTERS

The State will ensure that all federal cross-cutters are addressed within the loan agreement prior to the finalization of the agreement. All projects seeking DWSRF assistance must have been and/or be constructed following all federal cross-cutters and other DWSRF environmental requirements.

C. BINDING COMMITMENT

Hawaii’s DWSRF Program will enter into binding commitments in an amount equal to the amount of each Capitalization Grant payment (Capitalization Grant less set-aside amounts) and accompanying State Match that is deposited into the Loan Fund. These commitments must be initiated within one year after receipt of each Capitalization Grant payment.

D. TIMELY EXPENDITURE

The State will expend all funds in the DWSRF loan fund in a timely and expeditious manner.

VII. DWSRF-CWSRF FUND TRANSFER

The Hawaii SRF programs reserve the right to transfer up to 33 percent of the DWSRF Capitalization Grant to the Clean Water State Revolving Fund (CWSRF), or an equivalent amount from the CWSRF to the DWSRF, as needed. The State of Hawaii passed legislation that allows the programs to transfer the funds if needed. At this time, the programs are not planning to transfer funds in SFY 2009.

VIII. U.S. ENVIRONMENTAL PROTECTION AGENCY STRATEGIC PLAN GOALS AND OBJECTIVES

The Hawaii DWSRF Program supports the National EPA Strategic Plan Goal 2 (Clean and Safe Water), Objective 1 (Protect Human Health), Sub-objective 1 (Water Safe to Drink) as listed below. Specifically, Hawaii has established and manages the revolving loan fund that provides low-cost loans and other types of assistance to water systems by financing the cost of infrastructure projects to achieve or maintain compliance with the Act requirements. Hawaii DWSRF activities support EPA Program Reporting Code 201B81E. Every summer, Hawaii and EPA negotiate Hawaii’s Strategic Plan commitments for the State Fiscal Year starting July 1. Hawaii’s commitments for SFY 2009 will be submitted by August 2008.

Strategic Plan Goal 2: Clean and Safe Water

Strategic Plan Objective 2.1: Protect Human Health – Protect human health by reducing exposure to contaminants in drinking water (including protecting source waters), in fish and shellfish, and in recreational waters.

Strategic Plan Sub-objective 2.1.1: Water Safe to Drink – By 2011, 91 percent of the population served by community water systems will receive drinking water that meets all applicable health-based drinking water standards through approaches including effective treatment and source water protection.

All planned and prior year loans have assisted public water systems to meet the federal and state drinking water compliance requirements. Details of Hawaii's DWSRF activities supporting the National EPA Strategic Plan will be included in the DWSRF Annual Report published in September of each year. A summary of loan activity for the fiscal year will be included in the report as well as details for each project. Project details will include a brief description and benefit of the project, project number, dollar amount and population served for projects financed, and the interest rate for each loan.

APPENDIX A
SOURCES AND USES OF DWSRF FUNDS FOR SFY 2009

APPENDIX A
SOURCES AND USES OF DWSRF FUNDS FOR SFY 2009

I. SOURCES

FFY 2008 DWSRF Capitalization Grant Appropriation	\$8,146,000.00	
Less (Total Set-Asides for FFY 2008):		
1. DWSRF Administration Fund (4% Set-Aside)	\$0.00	
2. State Program Management (10% Set-Aside)	\$0.00	
3. Small Systems Technical Assistance (2% Set-Aside)	\$0.00	
4. Local Assistance & Other State Programs (15% Set-Aside)	\$1,221,900.00	
TOTAL FFY 2008 FEDERAL FUNDS AVAILABLE FOR LOANS		<u>\$6,924,100.00</u>
Projected State Match provided by the 2008 State Legislature	\$1,671,000.00	
TOTAL DWSRF LOAN FUNDING RESOURCES		<u>\$8,595,100.00</u>
Estimated Uncommitted DWSRF funds at June 30, 2008	\$8,251,946.95	
Projected cash in from loan repayments for the period July 1, 2008 to June 30, 2009	\$2,972,010.24	
Projected cash in from investment interest earnings for the period July 1, 2008 to June 30, 2009	\$1,647,569.52	
TOTAL ESTIMATED SOURCES OF FUNDS		<u>\$21,466,626.71</u>

II. USES

Projected Loans (expected to be executed) from July 1, 2008 to June 30, 2009	\$47,424,332.00	
TOTAL ESTIMATED USES OF FUNDS		<u>\$47,424,332.00</u>
TOTAL ESTIMATED FUNDS BALANCE¹		<u>(\$25,957,705.29)</u>

¹ A positive amount will be used to fund future projects in SFY 2010.

APPENDIX B
DWSRF PRIORITY LIST OF PROJECTS FOR SFY 2009

Appendix B
DWSRF Priority List of Projects for SFY 2009

No.	Pts	DWSRF Proj No.	Public Water System	Population	Owner	Project (Name and Description)	Expected Construction Start Date	Estimated Construction Cost
1	150	DW133-0001	#133 DWS Kukuihaele	455	Hawaii DWS	Kukuihaele Production Well and Supporting Facilities: Replacement source for Waiulili Spring, which has atrazine and indication of possible surface water influence.	Jun-07	\$ 2,671,606
2	145	DW130-0003	#130 DWS South Kohala	8,872	Hawaii DWS	Waimea WTP Microfiltration - Phase IV: Microfiltration plant for compliance with Enhanced Surface Water Treatment Rule and Disinfection/Disinfectants Byproducts Rule.	May-08	\$ 10,000,000
3	135	DW247-0004	#247 DWS Lower Kula	3,300	Maui DWS	Piiholo Water Treatment Plant Improvements - Organic Carbon Reduction: Reduce total organic carbon levels to help lower disinfection byproducts.	FY-08	\$ 6,000,000
4	130	DW105-0001	#105 DWS Honomu	621	Hawaii DWS	Honomu Production Well and 0.3 MG Reservoir: Replacement source for Akaka Falls to comply with the Lead and <u>Copper</u> Rule, which also has indication of possible surface water influence and construct new 0.3 MG storage reservoir to maintain adequate potable water storage for the water system.	May-08**	\$ 3,900,000
5	130	DW214-0008	#214 DWS Lahaina	16,000	Maui DWS	Mahinahina Water Treatment Facility Retrofit: Retrofit WTF from multimedia to membrane filtration to achieve positive barrier to enhance water quality.	FY-10	\$ 11,210,000
6	125	DW103-0001	#103 DWS Ninole	146	Hawaii DWS	Ninole Well "A" (Replace Chaves Spring): Replacement source for Chaves Spring, which has atrazine.	Apr-08	\$ 2,000,000
7	120	DW109-0001	#109 DWS Pahala	1,316	Hawaii DWS	Pahala Well "B" (Replace Alii Tunnel): Replacement source for Alii tunnel, which was determined to be a groundwater under the influence of surface water.	Feb-02 **	\$ 2,051,908
8	120	DW154-0001	#154 DWS Hakalau-Wailea	272	Hawaii DWS	Hakalau Spring Improvement: Improvements to spring box or installation of a filtration system for spring, which was declared a groundwater under direct influence of surface water.	Apr-08	\$ 2,370,000
9	110	DW214-0006	#214 DWS Lahaina	16,000	Maui DWS	Honokahua Well "A" GAC Treatment: Installation of Granular Activated Carbon Adsorption System to provide treatment for the removal of DBCP from well serving Mahinahina (Lahaina) system.	FY-12	\$ 1,700,000
10	105	DW233-0001	#233 DWS Ualapue	979	Maui DWS	Ualapue Well Replacement: Installation of replacement source for Ualapue System, which has increasing chloride levels and may be susceptible to becoming a groundwater under the influence of surface water.	FY-12	\$ 2,000,000

Appendix B
DWSRF Priority List of Projects for SFY 2009

No.	Pts	DWSRF Proj No.	Public Water System	Population	Owner	Project (Name and Description)	Expected Construction Start Date	Estimated Construction Cost
11	105	DW128-0001	#129 DWS North Kohala	526	Hawaii DWS	Halaula Well: Replacement source for Bond Tunnel to comply with the Lead and Copper Rule. Construction of potable water well.	Apr-07	\$ 2,200,000
12	105	DW413-0003	#400 DW Lihue-Kapaa	16,484	Kauai DW	Akulikuli Tunnel Repairs: Repairs to tunnel source, which has possible indication of surface water influence.	2009	\$ 3,500,000
13	100	DW106-0001	#106 DWS Pepeekeo	1,359	Hawaii DWS	Kulaimano Production Well and Supporting Facilities: Replacement source for Maukaloa Spring, which is contaminated with atrazine.	Jan-08	\$ 2,500,000
14	90	DW412-0002	#400 DW Lihue-Kapaa	1,923	Kauai DW	Puhi Well No. 2 & 3 CO2 Removal: Installation of forced draftway aeration with the use of existing soda ash system for stabilizing the stripped water (Lead and Copper Rule).	May-08	\$ 305,000
15	80	DW234-0003	#234 DWS Kaunakakai	3,338	Maui DWS	Kaunakakai-Kawela System Well 2: New well to replace/supplement shallow well for water quality.	FY-12	\$ 3,500,000
16	80	DW218-0002	#218 DWS Honokohau	42	Maui DWS	Honokohau Water Source Replacement: Installation of a new well or treatment facility to replace source for the Honokohau system.	FY-10	\$ 1,500,000
17	80	DW404-0003	#404 DW Hanapepe - Eleele	4,507	Kauai DW	Refurbish Eleele Steel Tanks: Refurbish leaking and deteriorating tanks, reroof, repair interior and exterior walls and floors (2-0.4 MG tanks).	Jul-06	\$ 1,000,000
18	80	DW406-0005	#406 DW Kekaha-Waimea	3,175	Kauai DW	Kaumuali'i Highway 12-inch Main Replacement Elepaio Road to Huakai Road, Job No. 05-04, KW-27, Kekaha-Waimea, Kaua'i, Hawaii: Install 7,200 lineal feet of 12-inch DI waterline to replace existing 8-inch AC waterline.	Oct-08	\$ 7,200,000
19	80	DW406-0002	#406 DW Kekaha-Waimea	3,175	Kauai DW	Waimea Canyon Drive Main Replacement: PhI: Waimea Canyon Drive 12" main replacement and PhII: Kaumuali'i Hwy 6" main replacement.	Dec-08	\$ 4,300,000
20	80	DW406-0003	#406 DW Kekaha-Waimea	3,175	Kauai DW	Kapili'iao 0.5 MG Tank: Construct new 0.5 MG tank and approximately 1,500' of 12" ductile iron pipe.	Oct-08**	\$ 4,100,000
21	80	DW406-0006	#406 DW Kekaha-Waimea	3,175	Kauai DW	8-inch Main Replacement for Elepaio Road: Install approximately 986 lineal feet of new 8-inch ductile iron waterline to replace approximately 986 lineal feet of existing 8-inch A.C. waterline along Elepaio Road in Kekaha, Kaua'i.	Sep-08	\$ 3,300,000

Appendix B
DWSRF Priority List of Projects for SFY 2009

No.	Pts	DWSRF Proj No.	Public Water System	Population	Owner	Project (Name and Description)	Expected Construction Start Date	Estimated Construction Cost
22	80	DW406-0004	#406 DW Kekaha-Waimea	3,175	Kauai DW	Waimea Well A and Kekaha Well B Renovations, Job No. 04-06, KW-05, KW-20 at Waimea and Kekaha, Kaua'i, Hawaii: Repair, replace and remove the existing facilities at Waimea Well A (State Well No. 5840-01) and Kekaha Well B (State Well No. 5943-02), including renovations to the discharge piping, buildings, roads, fencing and site improvements.	Dec-08	\$ 1,500,000
23	80	DW403-0001	#403 DW Hanalei	989	Kauai DW	Rehabilitation of Maka Ridge Deep Well, Tank Pipeline and Roadway: Rehabilitate Maka Ridge deep well control building, tank walls, and roof. Replace 3650-ft of 8-in pipeline & improve road.	Jun-07	\$ 2,000,000
24	80	DW415-0002	#415 DW Haena-Wainiha	1,051	Kauai DW	Haena Steel Tank and Wainiha Booster Pump Renovation (HW-02 & HW-03): Repairs and renovations to the existing 0.1 MG steel tank and installation of a pair of 50 gpm booster pumps.	Mar-07	\$ 1,400,000
25	80	DW409-0002	#409 DW Lawai-Omao	3,391	Kauai DW	Omao 677 - 0.50 MG Tank: Construct new 0.50 MG tank at 677.	Dec-06	\$ 1,500,000
26	80	DW336-0001	#366 BWS Waialeale-Sunset Beach	4,846	Hon BWS	Kamehameha Highway-Sunset Beach Water System Improvements, Parts I & IV: Install 16" mains & appurtenances from booster station to Sunset Beach 206 Reservoir Access Rd - approximately 5,300 LF & from Kahae Rd to Pupukea Rd - approximately 3,800 LF.	FY-08	\$ 5,700,000
27	80	DW215-0003	#215 DWS Upper Kula	6,659	Maui DWS	Waikamoi Flume Repair/Replacement: Repair or replace deteriorated wooden flume from surface water intakes to Waikamoi Dam, approximately 0.5 miles.	FY-10	\$ 3,000,000
28	80	DW336-0002	#366 BWS Waialeale-Sunset Beach	4,846	Hon BWS	COMSAT Access Road Water System Improvements, Phase B: Install 3" mains & appurtenances along Comsat Access Rd - approx 2,450 LF & two 4" electrical conduits & appurtenances - approx 1,750 LF.	FY-07	\$ 1,000,000
29	80	DW412-0003	#400 DW Lihue-Kapaa	1,923	Kauai DW	Kokolau Intake Facility and Pipeline Replacement: Upgrade of intake facility along with repairs and renovation of the existing 15-in connecting waterline for the Lihue Water System.	Apr-07	\$ 2,750,000

Appendix B
DWSRF Priority List of Projects for SFY 2009

No.	Pts	DWSRF Proj No.	Public Water System	Population	Owner	Project (Name and Description)	Expected Construction Start Date	Estimated Construction Cost
30	80	DW434-0003	#434 DW Kalaheo	6,277	Kauai DW	Waha, Wawae, and Niho Roads Main Replacement, Job No. 05-07, K-07, LO-13, at Kalaheo, Kaua'i, Hawaii: Replace approximately 5,400 linear feet of 6-inch and 2,400 linear feet of 8-inch ductile iron waterlines along Wawae, Niho and Waha Roads, including one pressure reducing valve station along Waha Road.	Sep-08	\$ 3,000,000
31	80	DW434-0001	#434 DW Kalaheo	6,277	Kauai DW	Kukuioolono 0.2 MG Tank Refurbish: Refurbish leaking and deteriorating tank, reroof, repair interior and exterior walls and floor.	Jan-07	\$ 400,000
32	80	DW434-0002	#434 DW Kalaheo	6,277	Kauai DW	Kalaheo Nursery Tank Booster Pump Station (2-200 GPM): Refurbish leaking and deteriorating tank, reroof, repair interior and exterior walls and floor.	Jan-08	\$ 350,000
33	80	DW331-0028	#331 BWS Honolulu-Windward-Pearl Harbor	607,524	Hon BWS	Waikiki Water System Improvements: Install 8-in mains & appurtenances along Nohonani St, Nahua St, Walina St, & Liliuokalani St from Kuhio Ave to Ala Wai Blvd - approx 2,875 LF.	FY-07	\$ 950,000
34	80	DW331-0026	#331 BWS Honolulu-Windward-Pearl Harbor	607,524	Hon BWS	Stadium Area Water System Improvements, Part I: Install 12-in main & appurtenances along Kalaloea St from Ohekani Lp to Kam Hwy-9000 LF. Install 8-in mains & appurtenances-5300 LF.	Aug-08	\$ 1,936,000
35	80	DW413-0008	#400 DW Lihue-Kapaa	16,484	Kauai DW	Wailua Houselots Main Replacement, Ph I and II: Wailua-Kapaa Water System, Wailua, Kauai, HI - Pipeline Replacement - 10,170+LF.	Jul-07	\$ 5,000,000
36	80	DW413-0007	#400 DW Lihue-Kapaa	16,484	Kauai DW	Pipeline Replacement, Kapaa Homesteads: Wailua-Kapaa Water System; Kapaa, Kauai, HI - Pipeline Replacement - 23,470+LF.	Dec-08	\$ 4,600,000
37	80	DW331-0033	#331 BWS Honolulu-Windward-Pearl Harbor	607,524	Hon BWS	Kakaako Water System Improvement: Install 8-inch mains and appurtenances along Halekauwila Street from Richards Street to Keawe Street; along Keawe Street from Auahi Street to Queen Street; and along Pohukaina Street from Punchbowl Street to South Street.	Jun-08	\$ 2,300,000

Appendix B
DWSRF Priority List of Projects for SFY 2009

No.	Pts	DWSRF Proj No.	Public Water System	Population	Owner	Project (Name and Description)	Expected Construction Start Date	Estimated Construction Cost
38	80	DW331-0034	#331 BWS Honolulu-Windward-Pearl Harbor	607,524	Hon BWS	Pacific Heights Water System Improvements, Part I: Install 12-inch main and appurtenances along Pacific Heights Road from Haili Road to Pacific Heights 578 Reservoir. Install 8-inch main and appurtenances along Pacific Heights Road from Pacific Heights 915 Reservoir to Pacific Heights 578 Reservoir. Install 4-inch main and appurtenances along Pacific Heights Road from the 8-inch main near Von Hamm Place to the end of the 4-inch main near TMK 2-2-023:038.	Jun-08	\$ 1,700,000
39	80	DW331-0027	#331 BWS Honolulu-Windward-Pearl Harbor	607,524	Hon BWS	Kalihi Water System Improvements, Part I: Install 8" mains & appurtenances along Middle St - approx 2,200 LF; 8" and 4" mains & appurtenances along Kamehameha IV Rd - approx 12,600 LF; 2-1/2" main & appurtenances along Laniuma Rd - approx 2,875 LF.	FY-07	\$ 8,250,000
40	80	DW331-0021	#331 BWS Honolulu-Windward-Pearl Harbor	607,524	Hon BWS	Punahou Water System Improvements: Install 8" main & appurtenances along Hunnewell St from Lanihuli St to Seaview Ave, along Metcalf St from Wilder Ave to University Ave - 4500 LF.	FY-05	\$ 1,125,000
41	80	DW400-0001	#400 DW Lihue-Kapaa	29,183	Kauai DW	Stable 1.0 MG Tank & Connecting Waterline: Construct new 1.0 MG tank, control valve station, SCADA, and approximately 620' of 16" and 2,750' of 12" ductile iron pipe.	Sep-08**	\$ 6,600,000
42	80	DW332-0004	#332 BWS Waialua	11,572	Hon BWS	Kamehameha Highway 8-inch Mains: Install 8" main & appurtenances along Kamehameha Hwy & Lokoea Rd - approx 5,650 LF & 2-1/2-in copper service main along Anahulu Pl - approx 230 LF.	FY-07	\$ 2,500,000
43	80	DW332-0003	#332 BWS Waialua	11,572	Hon BWS	Haleiwa Road Water System Improvements: Install 12-in main & appurtenances along Haleiwa Rd from Waialua Brach Rd to Paukaula Stream Br - approx 1,525 LF. Install 8-in mains - approx 4500LF.	Aug-08	\$ 1,815,000
44	80	DW214-0009	#214 DWS Lahaina	16,000	Maui DWS	Napili Well "A" Site Improvements: Construct new tank and renovate pump control and chlorination buildings.	Oct-08	\$ 3,162,925
45	80	DW331-0030	#331 BWS Honolulu-Windward-Pearl Harbor	607,524	Hon BWS	Kaimuki Water System Improvements, Part I: Install 8" mains & appurtenances along Maunaloa Ave, Kaimuki Ave, Pahoa Ave, 17th Ave, 18th Ave, 19th Ave & 20th Ave - approx 9,850 LF	FY-07	\$ 2,500,000
46	80	DW331-0035	#331 BWS Honolulu-Windward-Pearl Harbor	607,524	Hon BWS	Wilhemina Rise Water System Improvements, Part III: Install 12-inch, 8-inch and 2-1/2-inch mains and appurtenances along Wilhemina Rise from Anuheha Street to Matsonia Drive and along Kawelolani Place from Wilhemina Rise to 300 feet west of Wilhemina Rise.	Apr-08	\$ 1,760,000

Appendix B
DWSRF Priority List of Projects for SFY 2009

No.	Pts	DWSRF Proj No.	Public Water System	Population	Owner	Project (Name and Description)	Expected Construction Start Date	Estimated Construction Cost
47	80	DW331-0032	#331 BWS Honolulu-Windward-Pearl Harbor	607,524	Hon BWS	Maunalaha Homesites Water System Improvements: Install 8" mains & appurtenances along Round Top Dr - approx 1,500 LF & 8, 6, & 2-1/2" mains & appurtenances along Maunalaha Rd - approx 1,805 LF.	FY-08	\$ 1,200,000
48	80	DW331-0031	#331 BWS Honolulu-Windward-Pearl Harbor	607,524	Hon BWS	Oahu Ave and Huelani Drive 8-inch Mains: Install 8" mains & appurtenances along Oahu Ave, Huelani Dr, Loulu St, & Papala St - approx 4,750 LF.	FY-07**	\$ 1,870,000
49	80	DW331-0029	#331 BWS Honolulu-Windward-Pearl Harbor	607,524	Hon BWS	Manulani Street & Mowai Street 8-inch Mains: Install 8" mains & appurtenances along Manulani St, Manulani Pl, & Mowai St - approx 3,500 LF	FY-07	\$ 900,000
50	80	DW331-0023	#331 BWS Honolulu-Windward-Pearl Harbor	607,524	Hon BWS	Kalama 400 Reservoir (1.0MG) and Kalama 170 Booster Station: Install reservoir and booster station to balance system.	Dec-08	\$ 4,500,000
51	80	DW331-0022	#331 BWS Honolulu-Windward-Pearl Harbor	607,524	Hon BWS	Waialae 180 Reservoir Replacement (3.0 MG): Demolish existing 1.0 MG reservoir and replace with 3.0 MG reservoir.	Dec-10	\$ 9,000,000
52	70	DW130-0004	#130 DWS South Kohala	8,872	Hawaii DWS	Waimea Water Treatment Plant Sludge Drying Beds: Sludge disposal system for compliance with Filter Backwash Recycling Rule.	Jul-06	\$ 5,000,000
53	60	DW248-0001	#248 Kawela Plantation	160	Kawela Plantation Homeowners	Kawela Plantation Source Replacement: Installation of new wells and supporting infrastructure at Kawela Plantation, Molokai.	pending funding (Sep-06)	\$ 1,650,000
54	60	DW417-0003	#417 Gay & Robinson	2,201	Gay & Robinson	Kaumakani Storage Tanks: Replace leaking and deteriorating 100,000 gallon tank.	pending funding	\$ 150,000
55	60	DW417-0001	#417 Gay & Robinson	2,201	Gay & Robinson	Pakala Water Tank: Replace a leaking and deteriorated redwood tank.	pending funding	\$ 130,000
56	60	DW417-0002	#417 Gay & Robinson	2,201	Gay & Robinson	Olokele Shaft Pipe Repair: Olokele Shaft State Well No. 5635-01, slipline aging and leaking transite asbestos pipe. 800' of 10" pipe at 30 degrees slope.	pending funding	\$ 100,000
57	55	DW130-0005	#130 DWS South Kohala	8,872	Hawaii DWS	Ahualoa Well Development - Phase 1 and Ahualoa Well Development - Phase 2 (Production Well and 1.0 MG Reservoir): Well development to replace Kohakohau Stream, a surface water source and construction of 1.0 MG Reservoir.	May-06	\$ 5,000,000

Appendix B
DWSRF Priority List of Projects for SFY 2009

No.	Pts	DWSRF Proj No.	Public Water System	Population	Owner	Project (Name and Description)	Expected Construction Start Date	Estimated Construction Cost
58	45	DW108-0001	#108 DWS Waiohinu-Naalehu	2,225	Hawaii DWS	Waiohinu Well (Replace Mountain House Tunnel & Hao Spring): Replacement source for Mountain House Tunnel & Hao Springs, which are not reliable during drought & indication of possible surface water influence.	Jul-06	\$ 2,000,000

APPENDIX C
DWSRF PROJECT RATING CRITERIA

APPENDIX C

DWSRF PROJECT RATING CRITERIA

1. **Projects to Correct Acute Health Problems (Only ONE problem will be credited within this category.)**
 - a. Waterborne disease outbreak. 100
 - b. Surface Water Treatment Rule compliance
(includes groundwater determined by DOH to be under the
direct influence of surface water or GWUDI) 100
 - Total Coliform Rule compliance.
 - Fecal coliforms 100
 - Total coliforms 80
 - c. Nitrate or Nitrite 100
 - d. Indication of possible surface water influence to a ground water source through Giardia,
Cryptosporidium, microscopic particulate analyses, etc. While the evidence may not be conclusive
enough for DOH to make a determination, the water utility has decided to correct the potential
problem. 25
2. **Projects to Correct Chronic Health Problems (Only ONE problem will be credited within this category.)**
 - a. Lead & Copper Rule (90th percentile values).
 - Lead Action Level (0.015 mg/L) exceedance. 80
 - Copper Action Level (1.3 mg/L) exceedance. 60
 - b. Organic Chemical 80
 - c. Inorganic Chemical 80
 - d. Project to address a currently unregulated or any other contaminant not addressed above. 60
 - e. Infrastructure improvements or replacements to provide safe drinking water. These include
installation, replacement, or rehabilitation of eligible water sources, treatment facilities and
processes, pumps, storage, transmission and distribution piping, and other eligible infrastructure
needs. 50

3. **Other Public Health Criteria (A maximum of 50 points can be accumulated in this category.)**
 - a. All water sources serving the system are affected by the same health problem being corrected. 25
 - b. The public water system has taken interim steps to temporarily resolve the water quality problem and has committed to a definitive, long-term solution. 25

4. **Incentives (A maximum of 50 points can be accumulated in this category.)**
 - a. Small system ($\leq 10,000$) consolidation.
 - Project will protect public health by supplying safe drinking water from a qualified local government or a water authority within a certified government to an existing, privately-owned public water system that demonstrates or may demonstrate non-compliance with the current or future state and federal drinking water regulations. 50
 - b. The project is required as part of a DOH compliance order.
 - Violation incurred before July 1, 1997. 25
 - Violation incurred on or after July 1, 1997. 15
 - c. Required Phase II and V monitoring is up-to-date. 10
 - d. DOH approved Cross-Connection Control program w/testing. 10
 - e. Water Conservation Program. 10
 - f. DOH approved Wellhead Protection or Source Water Assessment program(s). 10

Note: Projects involving the refinancing of existing debt will receive a preliminary score using the same criteria as current construction projects. The preliminary score will then be divided by one thousand (1,000) to determine the refinancing project's final point total for the Priority List.

Ties: The procedure to be used for breaking ties between projects will be as follows:

1. If the tie is between public water systems with service populations greater than 10,000 persons (large public water system) and public water systems with service populations of 10,000 or fewer persons (small public water system), the small water systems will be given the higher priority.
2. For small public water systems, the tie will be broken through the evaluation of the affected population's Median Household Income. The higher priority will be assigned to the public water system with the lowest Median Household Income. Where this fails to clearly determine project rank, the highest priority will be assigned to the project, which exhibits the highest cost per person, based on the system's population.
3. Similarly, for large public water systems, the tie will be broken through the evaluation of the affected population's Median Household Income. The higher priority will be assigned to the public water system with the lowest Median Household Income. Where this fails to clearly determine project rank, the highest priority will be assigned to the project, which exhibits the highest cost per person, based on the system's population.

APPENDIX D
FEDERAL CAPITALIZATION GRANT PAYMENT SCHEDULE
FOR FFY 2009 AND 2010

Appendix D

FEDERAL CAPITALIZATION GRANT PAYMENT SCHEDULE FOR FFY 2009 AND 2010

DWSRF Payments:		Fiscal Year 2009				Fiscal Year 2010			
		<----- QTR 1	QTR 2	QTR 3	-----> QTR 4	<----- QTR 1	QTR 2	QTR 3	-----> QTR 4
Total Set Asides:	1,221,900	0	0	0	0	1,221,900	0	0	0
DWSRF Loans:	6,924,100	0	0	0	0	0	2,308,033	2,308,033	2,308,034
Total for the quarter:		0	0	0	0	1,221,900	2,308,033	2,308,033	2,308,034
Total Ceiling:	8,146,000	0	0	0	0	1,221,900	3,529,933	5,837,966	8,146,000

APPENDIX E
NOTICE OF PUBLIC PARTICIPATION & INPUT

APPENDIX E

NOTICE OF PUBLIC PARTICIPATION & INPUT

I. Public Notice Activity

Pursuant to 40 CFR 35.3150, a notice of public participation and input was published in the Honolulu Star-Bulletin, the Hawaii Tribune-Herald, the West Hawaii Today, the Maui News, and the Garden Isle newspapers on April 7, 2008, to consider the proposed Drinking Water Treatment Revolving Fund Intended Use Plan (IUP) for The State of Hawaii Fiscal Year (SFY) 2009 and The Federal Fiscal Year (FFY) 2008 Appropriation (Docket No. 08-SDW-SRF-01). The public comment period was established from April 7, 2008 to May 9, 2008.

On April 30, 2008, the IUP was revised to reflect changes in DWSRF program spending, including the establishment of a "Disadvantaged Community Planning and Design Grant Program." A second notice of public participation and input was published in the Honolulu Star-Bulletin, the Hawaii Tribune-Herald, the West Hawaii Today, the Maui News, and the Garden Isle newspapers on April 30, 2008, to consider the proposed Revised Drinking Water Treatment Revolving Fund Intended Use Plan (IUP) for The State of Hawaii Fiscal Year (SFY) 2009 and The Federal Fiscal Year (FFY) 2008 Appropriation (Docket No. 08-SDW-SRF-02). In addition, the public comment period was extended to May 30, 2008.

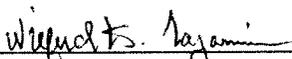
An affidavit of each public notice is on-file in the Safe Drinking Water Branch office at 919 Ala Moana Blvd., Room 308, Honolulu, Hawaii 96814.

Public comments were received from the County of Hawaii, Department of Water Supply, the County of Kauai, Department of Water, and the County of Maui, Department of Water Supply requesting minor updates to their projects on the Priority List of Projects to reflect current project descriptions, construction cost estimates and construction start dates. In addition, the County of Kauai, Department of Water requested an additional project to be added to the Priority List of Projects. These changes did not revise the ranking of the Priority List of Projects significantly.

II. Summary

The solicitation of public participation and input for this Intended Use Plan did not produce any responses, which required any significant changes.

FOR



THOMAS E. ARIZUMI, P.E., CHIEF
Environmental Management Division

State of Hawaii
Notice of Public Participation and Input on the Proposed
Drinking Water Treatment Revolving Loan Fund (DWTRLF)
Intended Use Plan (IUP) for
The State of Hawaii Fiscal Year (SFY) 2009 and
The Federal Fiscal Year (FFY) 2008 Appropriation
(Docket No. 08-SDW-SRF-01)

Pursuant to Chapters 342 and 91, Hawaii Revised Statutes, Section 101(e) of Public Law 92-500 and the U.S. Environmental Protection Agency Regulations, 40 CFR 35.2015, notice is hereby given that a public comment period is being initiated to allow public participation and input on the Intended Use Plan for SFY 2009.

The U.S. Environmental Protection Agency provides grants to the State of Hawaii annually to construct drinking water facilities and support other drinking water program activities. During SFY 2009, approximately \$8,146,000 is expected to be allocated to the State of Hawaii. In order to utilize the federal and matching state revolving funds, proposed projects must be prioritized and listed in the Priority List of Projects for SFY 2009 (Appendix B of the Intended Use Plan).

Upon written request, a public hearing may be scheduled for any county. Requests for a public hearing must be received by the Safe Drinking Water Branch by **May 9, 2008**. If a public hearing is deemed appropriate, a second public notice will be published with the date, time and location of the public hearing.

Information regarding the Intended Use Plan may be obtained by calling or writing to the Safe Drinking Water Branch Oahu address noted below. The proposed Intended Use Plan for SFY 2009 will be on file and available for review from **April 7 to May 9, 2008** at the locations listed below. If, due to disability, you have special needs for commenting on the proposed Intended Use Plan, please contact the Safe Drinking Water Branch Oahu address noted below or call 586-4258 (voice) by **May 9, 2008**.

Oahu

Safe Drinking Water Branch
State Department of Health
919 Ala Moana Blvd., Room 308
Honolulu, Hawaii 96814
Telephone: (808) 586-4258
Contact: Jennifer Nikaido or Alain Carey

Kauai

District Health Office
Department of Health
3040 Umi Street
Lihue, Hawaii 96766
Telephone: (808) 241-3323

East Hawaii

Environmental Health Facility
Department of Health
1582 Kamehameha Avenue
Hilo, Hawaii 96720
Telephone: (808) 933-0401
Contact: Theresa McGeehan-Takiue

West Hawaii

Department of Health
Keakealani Building
79-1020 Haukapila Street, Room 110
Kealahou, Hawaii 96750
Telephone: (808) 322-1507
Contact: Paul Okuna

Maui

District Health Office
Department of Health
54 High Street
Wailuku, Hawaii 96793
Telephone: (808) 984-8234
Contact: Gordon Muraoka

State of Hawaii
Notice of Public Participation and Input on the Revised Proposed
Drinking Water Treatment Revolving Loan Fund (DWTRLF)
Intended Use Plan (IUP) for
The State of Hawaii Fiscal Year (SFY) 2009 and
The Federal Fiscal Year (FFY) 2008 Appropriation
(Docket No. 08-SDW-SRF-02)

Pursuant to Chapters 342 and 91, Hawaii Revised Statutes, Section 101(e) of Public Law 92-500 and the U.S. Environmental Protection Agency Regulations, 40 CFR 35.2015, notice is hereby given that the public comment period is being extended to allow public participation and input on the Intended Use Plan for SFY 2009.

The U.S. Environmental Protection Agency provides grants to the State of Hawaii annually to construct drinking water facilities and support other drinking water program activities. During SFY 2009, approximately \$8,146,000 is expected to be allocated to the State of Hawaii. In order to utilize the federal and matching state revolving funds, proposed projects must be prioritized and listed in the Priority List of Projects for SFY 2009 (Appendix B of the Intended Use Plan).

A notice of public participation and input was previously published statewide in the Honolulu Star-Bulletin, Maui News, West Hawaii Today, Hawaii Tribune-Herald, and the Garden Island on April 7, 2008. The Intended Use Plan for SFY 2009 has been revised to reflect changes in program spending.

Upon written request, a public hearing may be scheduled for any county. Requests for a public hearing must be received by the Safe Drinking Water Branch by **May 30, 2008**. If a public hearing is deemed appropriate, a second public notice will be published with the date, time and location of the public hearing.

Information regarding the Intended Use Plan may be obtained by calling or writing to the Safe Drinking Water Branch Oahu address noted below. The revised proposed Intended Use Plan for SFY 2009 will be on file and available for review from **April 30 to May 30, 2008** at the locations listed below. If, due to disability, you have special needs for commenting on the proposed Intended Use Plan, please contact the Safe Drinking Water Branch Oahu address noted below or call 586-4258 (voice) by **May 30, 2008**.

Oahu

Safe Drinking Water Branch
State Department of Health
919 Ala Moana Blvd., Room 308
Honolulu, Hawaii 96814
Telephone: (808) 586-4258
Contact: Jennifer Nikaido or Alain Carey

Kauai

District Health Office
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East Hawaii

Environmental Health Facility
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Telephone: (808) 933-0401
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West Hawaii

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Keakealani Building
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