

Hawaii Drinking Water State Revolving Fund (DWSRF)



Hawaii Department of Health
Environmental Health Administration
Environmental Management Division
Safe Drinking Water Branch

Wednesday, July 29, 2015 ~ 10:00 am



Presentation Agenda

- What is DWSRF?
- DWSRF Notice of Non-compliance
- DWSRF Corrective Action Plan
- SRF Management Study
- Kaizen Events
- EPA-OIG Visit Hotline Complaint



What is DWSRF?

The State of Hawaii, Drinking Water Treatment Revolving Loan Fund (DWTRLF) program was established by the 1997 State Legislature as the result of the 1996 Federal amendments to the Safe Drinking Water Act. This allowed the state to accept the capitalization grants from the EPA.

Hawaii's program, known as DWSRF, provides low-interest loans to its four County water departments for the construction of drinking water infrastructure projects. These projects help to achieve or maintain compliance with drinking water standards, improve and expand their drinking water infrastructure, and help protect the public's health and the environment of Hawaii.



Hakalau Iki Spring Box, Hamakua, Hawaii
>\$690,000 DWSRF project



Unliquidated Obligations (ULO)

- It is the amount of Capitalization Grant not drawn down from the Federal Treasury.
- Congress has taken an interest in the amount of the ULO.
- EPA has therefore adjusted their policies to require States to draw down the funds, not just execute Final Loan Agreements to encumber the funds.
- EPA has also taken an interest in the State portion of the revolving funds (interest, repayments, investment interest, and fees)



DWSRF Notice of Non-compliance

October 24, 2014



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105-2901

OFFICE OF THE
REGIONAL ADMINISTRATOR

OCT 24 2014

Linda M. Rosen, M.D., M.P.H.
Director, Hawaii Department of Health
1250 Punchbowl Street
Honolulu, Hawaii 96813

Dear Dr. Rosen:

In 1996, Congress established and funded the Drinking Water State Revolving Fund program for states to provide low interest loans and grants to eligible water systems for design and construction of infrastructure to help systems comply with national drinking water standards. Since 1997, the U.S. Environmental Protection Agency has provided \$1.67 billion to the Hawaii Department of Health to support cost-effective safe drinking water infrastructure projects in the state through the Hawaii Drinking Water Treatment Revolving Loan Fund program. However, the Department has not spent the funds in the DWTRLF in a timely manner, nor has it demonstrated the technical capability to operate the DWTRLF effectively.

The Department has not complied with the requirement to commit and expend funds in the DWTRLF as efficiently as possible and in an expeditious and timely manner, which applies to loan repayments, interest, fees and state match, as well as federal funds. The DWTRLF has recurrently had one of the highest percentages of unspent federal funds of any state drinking water revolving fund in the nation, and the amount of unexpended funds has grown in the past three years. Notwithstanding the Department's recent success in issuing \$25 million in loan agreements, as of June 2014, Hawaii continued to have \$100 million in unspent funds; \$33 million in federal funds and \$67 million in state funds. The latest national Drinking Water Infrastructure Needs Survey and Assessment reported to Congress that Hawaii has nearly \$1 billion in unmet drinking water needs. Hawaii's failure to fully utilize available funds compromises our mutual goal of assuring safe drinking water in Hawaii.

In addition, the Department has not complied with the requirement to manage DWTRLF funds in a sound, efficient, and prudent manner by having sufficient staff, effective tools and processes in place to track projects and plan expenditures. EPA's annual Performance Evaluation Reports have identified numerous significant issues and recommended follow-up actions, but Hawaii has not implemented necessary changes. One example that illustrates deficiencies in the DWTRLF is the loan repayment process. Unlike other states, Hawaii recalculates a loan's repayment amount multiple times, which is inefficient and limits the state's ability to forecast and manage future fund balances using a cash flow model.

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Attachment to the EPA Notice of Non-Compliance to the Hawaii Department of Health: Required Corrective Action Components

Pursuant to 40 CFR 35.3585 (b) and (c), the DOH must submit a corrective action plan by January 30, 2015. If the DOH fails to provide an acceptable corrective action plan to achieve the results required, or subsequently fails to implement an element of an approved plan, the EPA may suspend grant payments until the DOH has taken acceptable actions, or take other enforcement actions under 40 C.F.R. §31.43. The CAP must address the following components:

Item	Action	Deadline	Action Area
1	Identify a senior DOH manager as the primary point of contact for tracking, overseeing and coordinating the DOH's activities associated with the CAP.	January 30, 2015	Data and Reporting
2	Submit a schedule for monthly meetings with the EPA to discuss progress on the CAP components. At least three days prior to each meeting, the DOH will provide a written agenda with updates on CAP components, the Management Study and the LGTS work assignments.	January 30, 2015	Data and Reporting
3	Submit a fund utilization plan for the 15% set-aside for each capitalization grant. The plan will identify the funds paid to date (with the associated project or activity being reimbursed), encumbered funds (with a schedule for expending the funds), and available funds (with a schedule for expending the funds).	January 30, 2015	Disbursements
4	Submit a summary of all 15% set-aside projects including recipient, project outcomes/outputs, funding level, project period and project status.	January 30, 2015	Technical Capabilities
5	Alter the loan amortization calculation methods for loans signed after March 1, 2015, to a one-time amortization of the loan upon project completion. This includes creating a projected amortization schedule at loan signing.	January 30, 2015	Data and Reporting
6	Submit a list of projects from the state fiscal year 2015 fundable list that are viable and ready to proceed within three to six months.	January 30, 2015	Loan Commitments
7	Submit a report establishing a target level for commitments (i.e., the amount of funding the DOH must commit in executed assistance agreements, based on maximum use of available loan funds, including capitalization grants, state match, fees, repayments and interest earnings) for state fiscal year 2015.	January 30, 2015	Loan Commitments
8	Submit a report establishing a target level for disbursements for state fiscal year 2015.	January 30, 2015	Disbursements
9	Meet with the EPA to select recommendations to implement from the final version of the LGTS Study.	30 days from receipt of final report	Technical Capabilities
10	Submit a plan, including a schedule, to implement selected recommendations from the LGTS Study.	30 days from meeting with the EPA	Technical Capabilities



Notice of Non-compliance Cover Letter

October 24, 2014

- "...the Department has not spent the funds in the DWTRLF in a timely manner, nor has it demonstrated the technical capability to operate the DWTRLF effectively."
- "... as of June 2014, Hawaii continued to have \$100 million in unspent funds: \$33 million in federal funds and \$67 million in state funds."
- "... Hawaii has nearly \$1 billion in unmet drinking water needs."
- "... requires submittal of a corrective action plan to the EPA by January 30, 2015."
- "... Department should incorporate into the corrective action plan the management evaluation recommendations that support returning to compliance..."



Notice of Non-compliance

October 24, 2014

- “The EPA has determined that the DOH does not have adequate personnel and resources to manage the DWTRLF, nor has the DOH committed and expended all funds in the DWTRLF as efficiently as possible and in an expeditious and timely manner, in violation of the terms and conditions of the grant agreements and 40 C.F.R. §35.3550(c) and(l).”
- “If the state fails to take the necessary actions or submit a corrective action plan to achieve the results required by the prescribed deadline, the EPA may suspend payments. Additionally, in accordance with 40 C.F.R. §31.43, the EPA may take other enforcement actions such as withholding further grant awards, wholly or partly suspending current awards, or wholly or partly terminating current awards.”



Notice of Non-compliance

October 24, 2014 (continued)

- EPA documented the following concerns and recommendations in the Program Evaluation Reports covering 2005 through 2012, which remain unresolved to date:
 - Fund Utilization Rate
 - First In First Out
 - Loans and Grants Tracking System
 - Inadequate Personnel
 - Set-Aside Management
 - Unspent Funds
 - Program Management and Financial Processes



Notice of Non-compliance

October 24, 2014 (continued)

Section III – Scope of Non-compliance

- 1) Non-compliance with Expeditious and Timely Use of the Funds in the DWTRLF
 - a) Commitment of Funds
 - b) Expenditure of Funds
 - i. Federal Funds
 - ii. Set-asides
 - iii. Repayments and Interest
- 2) Non-compliance with the Technical Capability to Operate the DWTRLF Program
 - a) Financial Tracking and Modeling- Loans and Grants Tracking System and Cash Flow Model
 - b) Set-asides and Staffing



Notice of Non-compliance: Corrective Action Plan

October 24, 2014

- 30 Required Corrective Action Components due January 30, 2015 through July 31, 2017.
- DOH submitted the Corrective Action Plan on January 30, 2015 and subsequent CAP Items by each of their respective due dates through June 30, 2015.
 - 3/17/2015 EPA Approved CAP and endorsed the Hawaii Management Study Implementation Plan Outline
 - 4/20/2015 EPA Approved deliverables for CAP Item #1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, and 13.
 - 4/20/2015 EPA Acknowledged timely submittal of CAP Item #5, 11, 14, 15, and 16. Concerns discussed.



Notice of Non-compliance: Corrective Action Plan

October 24, 2014 (continued)

- 5/27/2015 EPA Requires additional information for CAP Item #11, 13, 15, 16, and 18. New due date of 6/17/2015 granted for CAP Item #11 and 18 per 5/28/2015 email. CAP Item #13 updated hiring schedule for General Professional IV submitted 6/1/2015 and proof of position posting on DHRD site submitted by 6/15/2015. CAP Item #15 and 16 revisions submitted on 6/1/2015 and 6/17/2015.
- 7/1/2015 EPA email received extending CAP Item #17 deadline to 8/31/2015. Based on discussion on 7/22/2015; DOH requesting additional extension to 9/30/2015.



Notice of Non-compliance: Corrective Action Plan

October 24, 2014 (continued)

- The following CAP Items are due on July 31, 2015:
 - #19 – Submit a list of all executed final assistance agreements made in state fiscal year 2015 to verify that the commitment target for state fiscal year 2015 was met by June 30, 2015.
 - #20 – Submit evidence that the disbursement target set for state fiscal year 2015 was met by June 30, 2015. If future annual and cumulative disbursement targets need to be adjusted to meet the target, submit an analysis using a cash flow model to justify these changes.
 - #21 - Submit evidence that the 15% set-aside achieved a cumulative spending rate of 75% by June 30, 2015.
- CAP Items #22 – 30 are due from 3/31/2016 to 7/31/2017, respectively.



2013 Hawaii Unliquidated Obligations

(Results as of 07/01/2013 from EPA HQ)

- **Total Federal Cap Grants Awarded = \$159,450,000** (47th of 51 in amount awarded)
- **Total Unliquidated Obligations (Project Loan and Set-Asides) = \$47,720,802** (29.9% = last in nation)
 - Project Loan Fund ULO = \$39,834,304 (29.5% = last)
 - Set-Asides ULO = \$7,886,498 (32.2% = last)



Current Hawaii Unliquidated Obligations

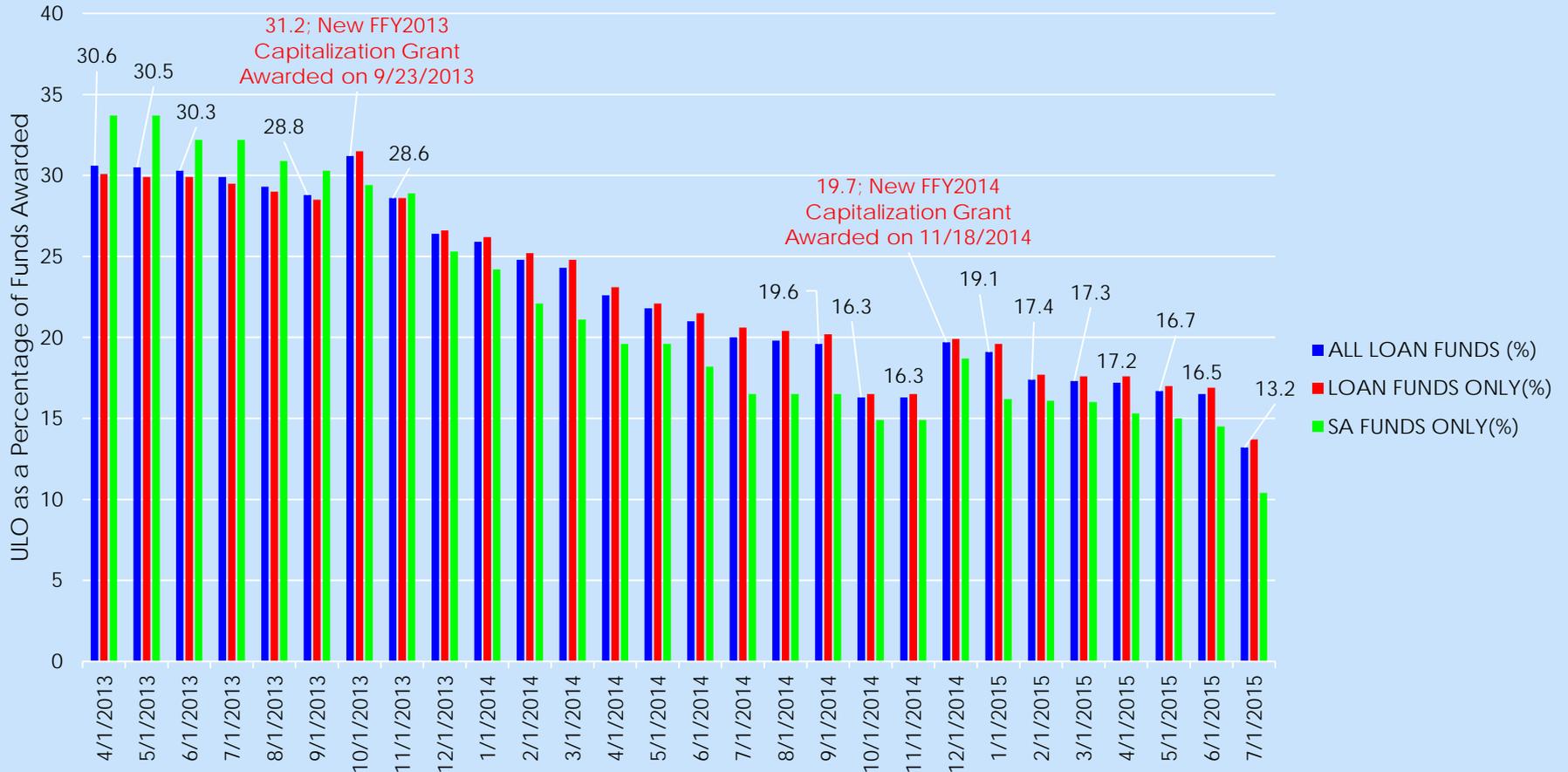
(Results as of 07/01/2015 from EPA HQ)

- **Total Federal Cap Grants Awarded = \$176,266,000** (47th of 51 in amount awarded)
- **Total Unliquidated Obligations (Project Loan and Set-Asides) = \$23,297,829**
(13.2% = 5th to last in nation)
 - Project Loan Fund ULO = \$20,620,790 (13.7% = 4th to last)
 - Set-Asides ULO = \$2,677,040 (10.4% = 22nd of 51)



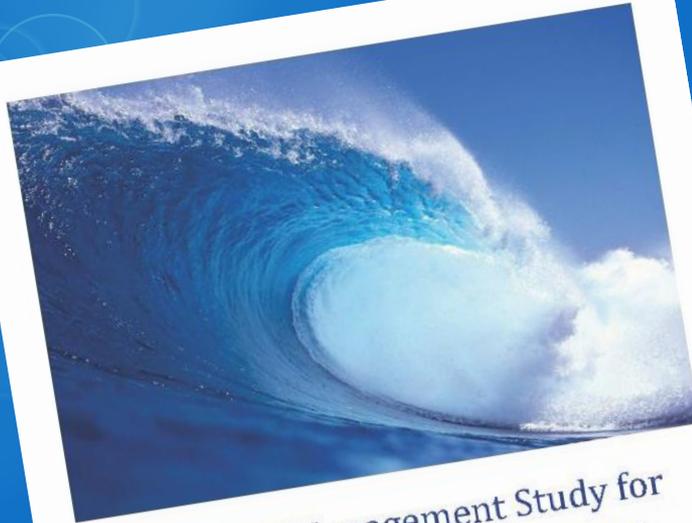
Current Results of Actions Taken

DWSRF Unliquidated Obligations



Hawaii SRF Management Study for CWSRF and DWSRF Programs

October 22, 2014



Hawai'i SRF Management Study for the CWSRF and DWSRF Programs
October 22, 2014

Northbridge Environmental Management Consultants
Washington, DC



Lead for Implementation		Option Description		
	DOH SRF Management	Organizational and Managerial Changes to Improve SRF Operations 1. Workload Re-Distribution and Re-Assignment 2. Dedicate Staff to Manage the Use of DWSRF Set-Asides 3. SRF Program Re-Organization 4. Leadership and Management Training 5. Improve Management's Approach to Effectively Resolve Disagreements and Guide the SRF Program 6. Develop a Formalized Project Management strategy with Triggers, Assigned Roles, and Established Procedures	Phase I (estimated)	
	Northbridge Assist/SRF Lead		Phase II (estimated)	
	DOH WRFS Staff		Phase III (As so)	
	DOH SRF Engineering Staff	Internal Contributors to Unliquidated Obligations 1. Shift Program Timeline to Fund Projects that are Under Construction or Close to Construction 2. Expand the DWSRF Program by Promoting Under-Utilized Eligibilities and Reaching New Borrowers 3. Simplify the Priority Scoring Criteria 4. Improve Demand for Funds by Offering Customized Solutions for Each County	Phase I	
	EPA Region 9			
	DOH Communications Staff			
	Quick Fix	External Contributors to Unliquidated Obligations 1. End the Practice of Encumbering a Specific Source of SRF Funds in the Loan Agreement 2. Increase Flexibility and Certainty in the SRF Budget Ceiling Process		
	Critical Issue			
	Positive Impact	Financial Management 1. Float (or Capitalize) Interest during the Construction Period and Delay Repayment until Construction is Complete 2. Use LGTS and FOCUS Funding Model to Organize Financial Data and Forecast Future Funding Goals		

Management Study: Topic Areas

(with DOH Prioritized Action #)

- Organizational and Managerial Changes to Improve SRF Operations (#4)
- Internal Contributor to Hawaii's Unliquidated Obligations (#2)
- External Contributors to Hawaii's Unliquidated Obligations (#3)
- Financial Management (#5)
- Streamlining the Application and Disbursement Processes (#1)
- Developing a Communications Strategy (#6)
- Environmental Review (#7)

Hawaii SRF Program: Process Optimization Drill Results & Analysis of the Current State Top 10 Time-Consuming Activities

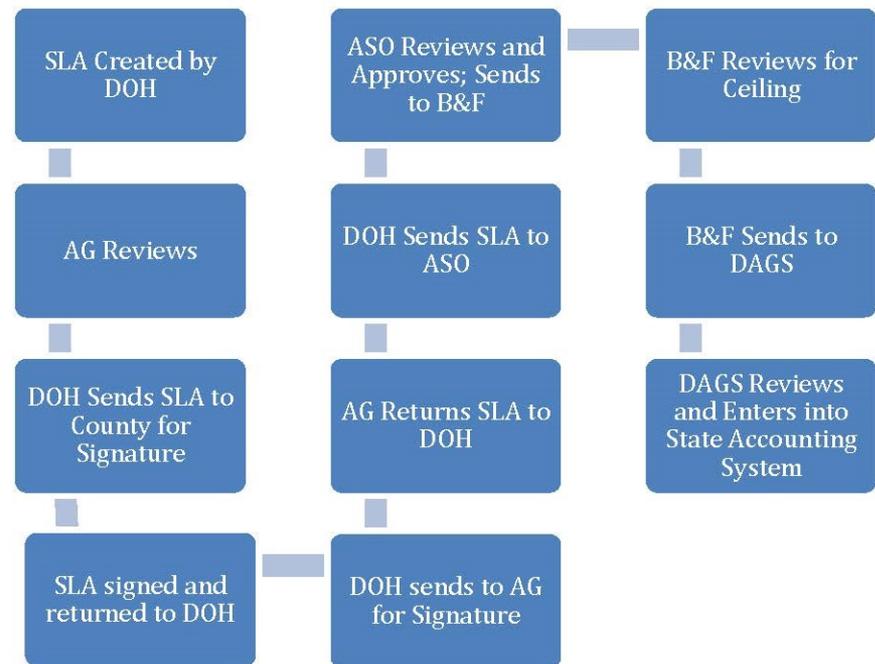


Management Study:

Streamlining the Application and Disbursement Processes

- Adoption of Loans and Grants Tracking System (CAP #10) – scheduled to go live 8/1/2015
- Replaced Interim Loan Agreement with Commitment Letter in both DWSRF & CWSRF – done 6/1/2015
- On-going
 - Create a Master Loan Agreement for Each County – Northbridge developing
 - Eliminate the Supplemental Loan Agreement and Revise the Amortization Schedule Process (CAP #5)

Figure 5.2: Supplemental Loan Agreement Process



Management Study:

Streamlining the Application and Disbursement Processes (continued)

- On-going (continued)
 - Introduce an Automated, Electronic Application System – propose to utilize existing EHA e-Permitting System
 - Allow Electronic Signatures for SRF Documentation – working with OIMT on process
 - Develop an Expedited Permitting Process – done within DOH, coordination needed with other State agencies
 - Provide Training to Borrowers on Completing Payment Request Forms



Management Study:

Internal Contributors to Unliquidated Obligations

- On-going
 - Shift Program Timeline to Fund Projects that are Under Construction or Close to Construction – coordination with customer Capitol Improvement Projects schedules
 - Expand the DWSRF Program by Promoting Under-Utilized Eligibilities and Reaching New Borrowers – pending implementation and acceptance of LGTS; then will continue possibility of loaning to State and/or private water systems
- Future
 - Simplify the Priority Scoring Criteria
 - Improve Demand for Funds by Offering Customized Solutions for Each County



Management Study:

External Contributors to Unliquidated Obligations

- End the Practice of Encumbering a Specific Source of SRF Funds in the Loan Agreement – done! Now working on modifying existing Loan Agreements to allow previous loans to utilize First In First Out. Working with DOH Administrative Services Office, DAGS, and B&F.
- Increase Flexibility and Certainty in the SRF Budget Ceiling Process – done in the 28th Legislature, 2015. The DWSRF ceiling was increased by \$45M under HB500, HD1, SD1, CD1 (Seq #210-001).

Monday, April 13, 2015 9:32:50 AM LEGISLATIVE BUDGET SYSTEM BUDGET COMPARISON WORKSHEET Page 434 of 781

Program ID: HTH840 ENVIRONMENTAL MANAGEMENT
 Structure #: 040101000000
 Subject Committee: ENE ENERGY AND ENVIRONMENT

SENATE				HOUSE		
SEQ #	EXPLANATION	FY 2016	FY 2017	EXPLANATION	FY 2016	FY 2017
210-001		45,000,000 W	45,000,000 W		45,000,000 W	45,000,000 W
	GOVERNOR'S MESSAGE (2/10/15): ADD FUNDS FOR LOANS FOR DRINKING WATER SYSTEM INFRASTRUCTURE (HTH840/FH).			GOVERNOR'S MESSAGE (2/10/15): ADD FUNDS FOR LOANS FOR DRINKING WATER SYSTEM INFRASTRUCTURE (HTH840/FH).		
	----- AGREE			----- HOUSE CONCURS		
	SENATE CONCURS. FROM STATE DRINKING WATER REVOLVING FUND.			FROM STATE DRINKING WATER REVOLVING FUND.		
	DETAIL OF GOVERNOR'S REQUEST: STATE DRINKING WATER REVOLVING FUNDS (45,000,000)			DETAIL OF GOVERNOR'S REQUEST: STATE DRINKING WATER REVOLVING FUNDS (45,000,000)		



Management Study:

Organizational and Managerial Changes to Improve SRF Operations

- On-going
 - Workload Re-Distribution and Re-Assignment – Peppers and Rogers Group (PRG) Kaizen Events are being used to determine how to redistribute and/or reassign
 - Dedicate Staff to Manage the Use of DWSRF Set-Asides (CAP #13) – 2 of 3 positions hired; 3rd position at DHRD for filling; currently temporarily assigned staff to complete half of work
 - SRF Program Re-Organization – PRG Kaizen Event
 - Leadership and Management Training – PRG Event
 - Improve Management’s Approach to Effectively Resolve Disagreements and Guide the SRF Program
 - Develop a Formalized Project Management strategy with Triggers, Assigned Roles, and Established Procedures



Management Study:

Financial Management

- Encouraged the submittal of payment requests (prefer monthly and a minimum of quarterly)
- In the SFY 2015 legislative session DOH pursued legislation (SB1111, SD1 Relating to Water Infrastructure) that would permit the transfer of funds between Drinking Water State Revolving Fund and Clean Water State Revolving Fund Programs. The bill was not heard by the House Committee on Finance in time for the second decking deadline of April 10, 2015. The DOH will pursue this legislation again in SFY 2016.
- On-going
 - Use LGTS and FOCUS Funding Model to Organize Financial Data and Forecast Future Funding Goals – LGTS to go live 8/1/2015 (CAP #10). FOCUS model to be available 9/1/2015 (related to CAP #18).
 - Re-evaluate Fees Charged on CWSRF and DWSRF Loans



Management Study:

Developing a Communications Strategy

- Future
 - Market to a Broader Customer Base
 - Re-design SRF Program Websites and Launch as a Prime Marketing Tool
 - Offer more Robust Guidance Documentation for Various Stages of the SRF Loan Process
 - Implement More Frequent Personal Communication - Meeting with 4 County Water Managers on a semi-annual basis
 - Identify Dedicated Staff to Develop and Manage the SRF Communications Strategy
 - Offer stakeholders a chance to give feedback about their SRF experience with a Customer Service Survey



Management Study: Environmental Review

- On-going (CAP #12 & #17)
 - Develop an Official Statement of Concurrence for Environmental Decisions Rendered by Applicants – comments on State Environmental Review Process received during 7/22/2015 meeting
 - Develop Streamlined, User-Friendly Templates for Borrowers to Complete Environmental Review



Management Study:

Analysis of the Current State Top 10 Time-Consuming Activities

1. Excessive reviews and approvals (internal and external) and document transportation, routing
2. IUP and PPL development; **the Interim Loan Agreement is also a voluminous and time-consuming document to prepare and review**
3. Manual processes and/or disconnected systems which lack adequate, accurate information sharing or cash flow modeling capabilities
4. Waiting on Counties for loan application submittals, signatures on loan documents and disbursement requests
5. Waiting on outside approvals from the Attorney General, Deputy Director, ASO, B&F, and DAGS



Management Study:

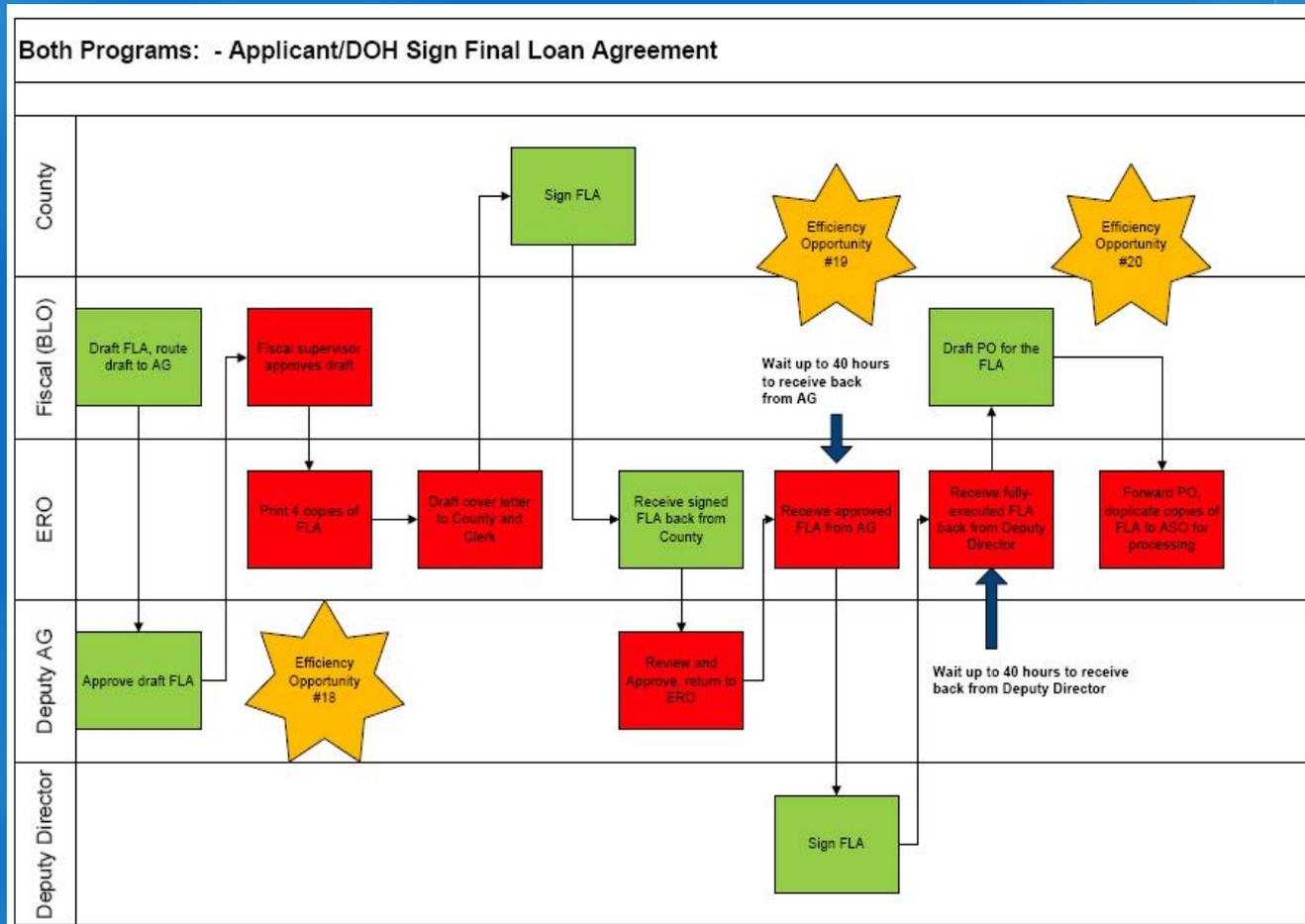
Analysis of the Current State Top 10 Time-Consuming Activities (continued)

6. Changing the source of funds in executed Final Loan Agreements takes up lots of time for the accounting staff
7. Preparation of multiple amortization schedules and Supplemental Loan Agreements
8. Lack of enforceable deadlines and timelines for reviews and submittals results in the random receipt of information and a chaotic workflow
9. Water systems in the project pipeline are not actually ready to proceed with the project; no gate keeping controls in place
10. Ineffective communications between DOH (engineering and WRFS) and Counties



Management Study:

Analysis of the Current State Top 10 Time-Consuming Activities



Swim lane



Kaizen Event #1: Alignment of Functional Groups

July 13-17, 2015

Kaizen Team & Pilot Team



Kevin Yoshioka
Wendy Nagano
Carol Eder

Doug Nguyen
Joan Corrigan
Mike Miyahira
Sue Liu

Not pictured:

- Marvin Kam
- Nicki Mak
- Adrian Lau
- Jan Ikeda



KAIZEN PROCESS SUMMARY

Kaizen Process

Kaizen as a methodology has the ability to speed up change process and more importantly finalize the solutions into standardized processes expeditiously. This benefits the organization by not having “floating” processes in place and the end-user by making a seamless process easy to use. Kaizen does this by having a structured approach, with specific deliverables, and ownership of the changes after the Kaizen is completed.

Kaizen’s 10 steps, includes Six Sigma, these 10 steps are the process map through which the event is kept on track and participants remain engaged.

- Define the problem
- Document the current situation
- Visualize the ideal situation
- Define measurement targets
- Brainstorm solutions to the problem
- Develop Kaizen plan
- Implement plan
- Measure, record and compare results to targets
- Prepare summary documents
- Create short term action plan, on-going standards and sustaining plan

KAIZEN PROCESS SUMMARY

(continued)

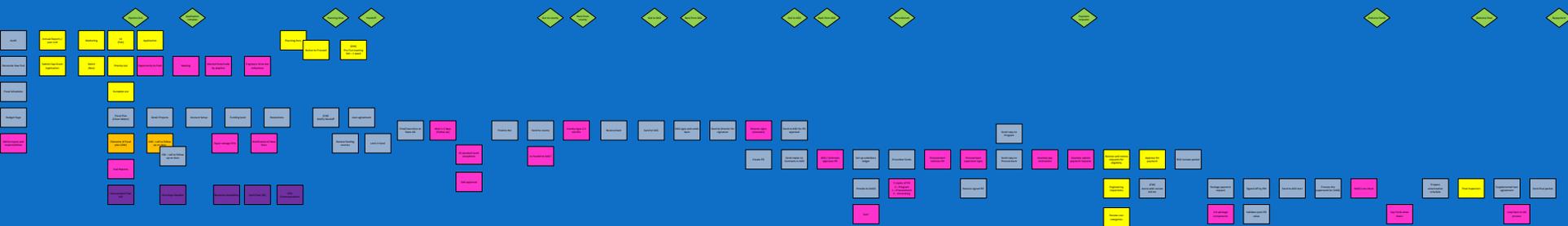
Empowering Process Change

Additionally, it is imperative that the participants in the event be empowered to implement any changes. This is a key to success otherwise the new processes or process changes will be short lived and the people doing the work on a day-to-day basis will quickly revert back to the old methods.

There are also key people that need to be present in a Kaizen event: the subject matter expert, the process owner, one or two of the front-line workers (those people that experience the process on a regular basis) and an outside novice (someone unfamiliar with the process).

CURRENT STATE

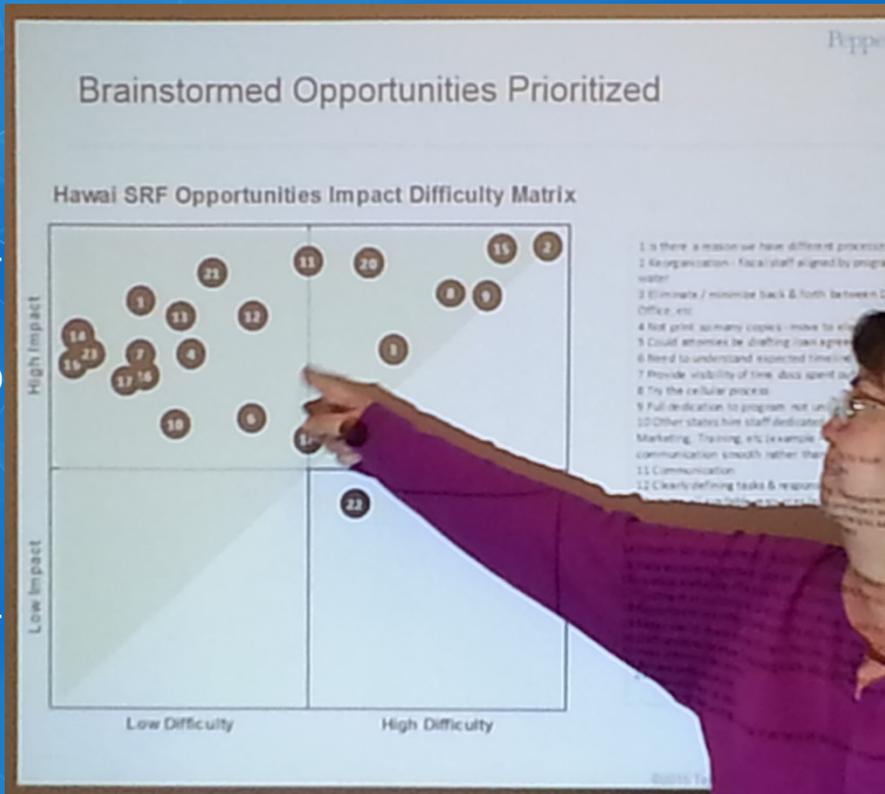
- 15 milestones throughout the process that can be measured in time
- Process differences between CW and DW
- Reliance upon outside agencies and other internal departments that can cause delays



Kaizen Event #1

Brainstormed Opportunities Prioritized

Low Impact to High Impact



Low Difficulty to High Difficulty

- 1 Is there a reason we have different processes for waste and clean?
- 2 Reorganization - fiscal staff aligned by program; Clean under waste water
- 3 Eliminate / minimize back & forth between DAGS, ASO, Director's Office, etc
- 4 Not print so many copies - move to electronic
- 5 Could attorneys be drafting loan agreements?
- 6 Need to understand expected timeline on packets to Nicki
- 7 Provide visibility of time docs spent out in counties
- 8 Try the cellular process
- 9 Full dedication to program not uniform among management
- 10 Other states hire staff dedicated to enabling processes such as Marketing, Training, etc (example - Marketing can help to keep cust communication smooth rather than pos/neg swings)
- 11 Communication
- 12 Clearly defining tasks & responsibilities
- 13 Utilize all available resources (e.g. OA's)
- 14 Simplify SRF requirements; is site certification necessary?
- 15 State accounting system - can we reduce reliance on system?
- 16 Increase marketing efficiencies with clients
- 17 Treatment of customers; understand customers and their needs
- 18 Resources to use video conferencing as another communication tool
- 19 Better way to check to verify new docs were received
- 20 Staff needs to be more knowledgeable about the program in order to make informed decisions
- 21 Behave professionally
- 22 Standardization of docs
- 23 Evaluating/ optimizing timing of delivery of documents to counties



PILOT

Design a cell with 4 people:

- 2 Engineers (CW & DW)
- 2 BLO's (CW & DW)

Metrics to be defined, but likely metrics will include lead time between milestones, quality, visual management system for project pipeline, etc

Co-locate cell team

- Found space in Waste Water
- 5S'd area
- Identify 3-5 projects for initial processing in cell

Until 8/3 kaizen, continue current process (no change other than location)

As each kaizen redefines process, incorporate new process into cell

Pilot will run 90 days, or until concept proves out based on metrics

ACTION PLAN GOING FORWARD

#	What	Pilot?	Who	By When
1	Is there a reason we have different processes for waste and clean?			10/16/2015
2	Reorganization - fiscal staff aligned by program; Clean under waste water		Sina / Joanna / Nancy	TBD
3	Eliminate / minimize back & forth between DAGS, ASO, Director's Office, etc		Kevin	10/16/2015
4	Not print so many copies - move to electronic		Joan / Adrian	10/16/2015
5	Could attorneys be drafting loan agreements?		Kevin / Mike	8/17/2015
6	Need to understand expected timeline on packets to Nicki		Jan / Adrian	10/16/2015
7	Provide visibility of time docs sent out in counties		Marvin / Joan	10/16/2015
8	Try the cellular process		Team	10/16/2015
9	Full dedication to program not uniform among management		Keith / Sina / Joanna / Nancy	TBD
10	Other states hire staff dedicated to enabling processes such as Marketing, Training, etc (example - Marketing can help to keep cust communication smooth rather than pos/neg swings)		Kevin / Mike	8/16/2015
11	Communication		Team	10/16/2015
12	Clearly defining tasks & responsibilities		4 Pilot Members	10/16/2015
13	Utilize all available resources (e.g. OA's)		Wendy / Kevin	8/31/2015
14	Simplify SRF requirements; is site certification necessary?		Joan	8/15/2015
15	State accounting system - can we reduce reliance on system?		Kevin	12/31/2015
16	Increase marketing efficiencies with clients		Mike	8/31/2015
17	Treatment of customers; understand customers and their needs		4 Pilot Members	10/16/2015
18	Resources to use video conferencing as another communication tool		Doug N / Pilot Team	8/31/2015
19	Better way to check to verify new docs were received		Joan	8/15/2015
20	Staff needs to be more knowledgeable about the program in order to make informed decisions		Sina / Joanna / Nancy / Wendy	10/16/2015
21	Behave professionally		4 Pilot Members & Kaizen	10/16/2015
22	Standardization of docs		Mike / Kevin	10/16/2015
23	Evaluating / optimizing timing of delivery of documents to counties		Marvin	10/16/2015

Future Kaizen Events

- Event #2 – August 10-21, 2015
- Event #3 – August 31-September 4, 2015
- Leadership/Management – tbd



Proposed Future Actions

- Establish process to provide loans to State government and private water systems
- Update Wellhead Protection Program – Financial Assistance Program requirements
- Maintain level of service during and after 2016 move to Waimano – Uluakupu Building



EPA-Office of the Inspector General

- Anonymous Hotline Complaint to EPA-OIG
 - Hawaii Department of Health “pooled” its DWSRF funds with the state Department of Transportation funds.
 - Hawaii’s DWSRF program has 10 open grants with \$30 million in unspent funds, but EPA continues to award grant funds to Hawaii.
- Phone interviews August 3 and 12, 2015 to obtain an understanding of the DOH’s financial management system and cash draw process.
- On-site August 17-24, 2015
 - Cash draw documents and supporting data
 - Loan documents
 - Annual intended use plans
 - Written policies and procedures
 - Organizational chart and chart of accounts



Hawaii Department of Health

Safe Drinking Water Branch

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sdwb@doh.hawaii.gov

Wastewater Branch

(808) 586-4294

wwb@doh.hawaii.gov

