

SECTION 1. BCRLF PROGRAM OVERVIEW

This section of the Implementation Plan contains a chronological description of the steps and tasks involved in applying to and participating in the BCRLF program. This narrative should be used in conjunction with the *Hawaii Brownfields Cleanup Revolving Loan Fund (BCRLF) Flowchart* (Flowchart) found at the end of this section.

The Flowchart uses the term “Response Action” to refer to both a remediation action and a removal action under the State Voluntary Response Program. “BCRLF Project Team” refers to the staff people designated by DBEDT, OP, DOH, and the County Coalition members to assist in implementing the BCRLF program. The gray horizontal band and the band above it on the Flowchart, labeled on the left respectively, “DOH HEER” and “Borrower”, illustrate the general process for the State Voluntary Response Program (VRP). The Flowchart illustrates how the BCRLF program interfaces with the VRP.

The BCRLF process is roughly divided into the following stages:

- (1) Stage A. Loan Application and Approval;
- (2) Stage B. Selection of Response Action and Loan Execution;
- (3) Stage C. Design and Implementation of Cleanup; and
- (4) Stage D. Loan Service and Repayment.

These stages are generally described in this section and in more detail in Sections 3, 4, and 5 of the Implementation Plan. The VRP is also defined further in statute and DOH rules.

1.1 Stage A. Loan Application and Approval

This stage should take approximately fifteen business days from the HEER Office’s acceptance of VRP/BCRLF applications. The loan review is intended to parallel the HEER Office’s VRP application approval process.

1.1.1 Step 1 – Pre-application and Referrals

The BCRLF loan program will be marketed in conjunction with the DOH HEER Office’s Voluntary Response Program (VRP). The Coalition partners will refer serious inquiries to the HEER Office. Potential applicants will be encouraged to meet with the BCRLF Project Team to discuss their proposed redevelopment projects and cleanup needs prior to submitting a formal application to the VRP/BCRLF programs. Loan applications will be available from each of the Project Team members and websites. Project Team members will respond to inquiries and assist with questions from prospective applicants.

1.1.2 Step 2 – Applications Accepted

HEER will accept all applications for BCRLF funding. Upon receipt and prior to the required public comment period, HEER will forward the completed loan application and a copy of the VRP application to OP and the respective County Project Team member if the project is situated on Oahu or within the County of Maui. OP will forward a copy of the loan application

to the DBEDT Business Loan Officer to evaluate the loan application and development pro forma.

1.1.3 Step 3 – Eligibility Determination and Loan Review

The Office of Planning, the County Project Team member, and the HEER Office will jointly review the loan application to ensure that it is complete and that it meets applicable criteria. The County Project Team member will route the proposed project to the County planning department for its review as to the consistency of the project with county plans.

Once an application is determined to be eligible and complete, the DBEDT Business Loan Officer will analyze the financial components of the loan application and prepare preliminary recommendations as to terms, conditions, and collateral. OP will forward the Loan Officer's recommendations and Project Team comments to members of the Loan Committee.

1.1.4 Step 4 – Loan Committee Approval and Pre-Approval Letter

The Loan Committee will be convened to act on the loan application. If the loan is approved, the DBEDT Director will issue a pre-approval letter to the applicant detailing the tentative terms, conditions, and collateral requirements of the loan. The HEER Office will be notified immediately of the Loan Committee's decision. The loan authorized by this pre-approval letter will be subject to change based on the completion of the public comment period and the Response Action Memo/Decision Memo issued by DOH.

1.2 Stage B. Selection of Response Action and Loan Execution

1.2.1 Step 5 – Execution of the VRP Agreement

Once an applicant is accepted into the VRP, DOH enters into an agreement with the applicant that governs the process and responsibilities of the applicant and DOH in conducting a response action at the site. The VRP agreement is supposed to be signed within 60 days of the VRP application approval.

1.2.2 Step 6 – Preparation of the VRP Remedial Action Analysis Report and Draft Response Action Memorandum

The VRP applicant and HEER prepare a report documenting the contamination found in the Phase I and IIs performed earlier and an analysis of alternative cleanup options and cost estimates, with recommendations as to the preferred response action alternative. This report forms the basis of a draft response action memorandum that identifies the recommended response alternative. During this period, the applicant will prepare a Community Involvement Plan that meets DOH, EPA, and OP approval. The draft response action memorandum will be subject to a public comment period and community involvement activities to be undertaken under the applicant's Community Involvement Plan.

1.2.3 Step 7 – Community Involvement Period

The County Coalition partner will assist the applicant and DOH in conducting community involvement activities and maintaining the public repository of project documents at the outset of the public review and community involvement period.

1.2.4 Step 8 – Response Action Memorandum and Loan Execution

Upon conclusion of the public comment period, the HEER Office will issue a final response action memorandum and decision memo that documents the selected response action and the rationale for the selection.

Once the response action/decision memo is finalized, the applicant will update the loan application materials as needed to reflect the selected remedy and any new information. A formal loan agreement is drafted based on the selected response action and its estimated cost, incorporating the loan terms, conditions, and collateral requirements set forth in the pre-approval letter, unless the selected response action and its associated cost necessitates adjustments in the loan terms and conditions. The applicant will be required to submit any documents required for closing. Loan closing should occur within 10 business days after the close of the comment period or the issuance of the response action/decision memorandum.

1.3 Stage C. Design and Implementation of Cleanup Plan

1.3.1 Step 9 – Design of Cleanup Implementation Plan

The VRP participant will complete the design and construction plans necessary to implement the proposed action, including any necessary sampling plans, any quality assurance plans, and a health/safety plan. These plans are approved by the HEER Office. All confirmation sampling plans will be approved by EPA prior to work commencing at the site. The HEER Office will notify OP when the participant may commence site work.

1.3.2 Step 10 – Implementation of the Cleanup Plan

Upon receipt of a letter to proceed from the HEER Office, the VRP participant will initiate the cleanup action. This action must be implemented in accordance with the approved response action/decision memorandum and the approved design and construction plans. The cleanup action must be completed within 12 months of the date activities begin on site. Technical oversight will be provided by the HEER Office, with the County Coalition partner and OP assisting with community involvement activities as work progresses. The BCRLF borrower will provide OP with periodic progress reports on the cleanup.

1.3.3 Step 11 – Completion of Cleanup and Final Response Action Report

Once the cleanup is completed, a final response action report is prepared by the VRP participant and submitted to HEER. HEER will review and verify the findings of the report. The HEER Office will ensure that all relevant documents are in the administrative record. DOH issues a VRP Letter of Completion within 30 days of the end of cleanup activity as warranted. The applicant will be responsible for implementation of any institutional controls imposed by the

HEER Office. A copy of the final response action report, the letter of completion, and a list of institutional controls will be provided to OP to include in the loan document files.

1.4 Stage D. Loan Service and Repayment

1.4.2 Step 12 – Progress Reporting and Loan Repayment

The BCRLF borrower will provide OP with financial statements and periodic reports as to the status of redevelopment activities at the site. OP will provide the County Coalition partner with a copy of the borrower's progress reports. The borrower will begin payment on the loan in accordance with the terms of the BCRLF loan agreement. OP will maintain communications with the borrower to ensure that the borrower's long-term financing and the redevelopment as a whole remains on track. In the event of default, OP will take steps to initiate collection.

1.4.3 Step 13 – Program Reporting

OP will ensure that loan payments are deposited to the BCRLF Special Fund. OP will also ensure that records are maintained for the 10-year record retention period for each loan.