

DWSRF1
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APPLICANT DWSRF MANUAL
PROCEDURES TO PARTICIPATE IN THE
HAWAII DRINKING WATER
STATE REVOLVING FUND LOAN PROGRAM

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I. INTRODUCTION

The federal Safe Drinking Water Act Amendments of 1996, P.L.104-182, (the Act) created the State Drinking Water Revolving Fund Loan Program capitalized in part by federal funds. The Act authorizes below-market interest rate loans to assist public water systems to finance the costs of infrastructure needed to achieve or maintain compliance with the SDWA requirements. The SDWA has also established a strong emphasis on preventing contamination problems through source water protection and enhanced water systems management.

This Manual addresses the issuance of loans for public water systems. A future program may be developed to implement loan funding for the other possible uses.

In 1997, the Hawaii State Legislature passed Act 218 establishing a State Drinking Water Treatment Revolving Loan Fund, herein called the Drinking Water State Revolving Fund (DWSRF) to receive the federal capitalization grant. The DWSRF is intended to provide loans to county, state and private agencies to construct public water system infrastructure. The DWSRF is to be maintained in perpetuity.

This manual presents the policies and procedures of the DWSRF Program. It is intended to guide county, state and private agencies on the procedures and requirements of the DWSRF Program. Appendix C contains a flow chart of the DWSRF loan process with questions and answers regarding DWSRF.

Other available documents which provide explanation of the various activities and requirements of the DWSRF Program include the SDWA, the DWSRF Guidance Document, the Operating Agreement between the State of Hawaii and EPA, and the annual Intended Use Plan (IUP).

II. PURPOSE AND OBJECTIVE

The primary purpose of the DWSRF Loan Program is to implement the Safe Drinking Water Act and various state laws and rules including Chapter 340E of the Hawaii Revised Statutes (HRS) and Chapter 11-20 of the Department of Health Administrative Rules (HAR). The Program assists in financing the construction of public water systems necessary for compliance and public health protection needs to protect and promote the health, safety and welfare of the inhabitants of the State of Hawaii.

III. OVERVIEW OF THE DWSRF LOAN PROGRAM

A. Federal and State Funds

The Safe Drinking Water Act Amendments of 1996 set forth a schedule and mechanism for completing the transition from federal to full state responsibility for financing public water system projects. The authority for EPA to make grants to the States to provide seed capital for the DWSRF was initiated in 1996. The federal funds are matched with a 20% State contribution, as required by the Act.

Based on a Drinking Water Infrastructure Needs Survey conducted by the U. S. Environmental Protection Agency in 1995, Hawaii has a total need of \$431 million for publicly and privately owned community water systems. The total need includes both current and future needs for the 20-year period. Capital infrastructure needs include the cost involved in developing and improving groundwater or surface water sources for communities, in conditioning water or removing microbiological and chemical contaminants, for new and improved finished water storage and or replacement or rehabilitation of lines which carry drinking water from the source to the treatment plant or from the treatment plant to the home.

The available federal and state monies in the DWSRF will be supplemented with interest earnings on outstanding loans and investments. In addition, the capital base of the DWSRF will be continually "recycled" into new loans as the existing loans are paid off. Therefore, the initial capital contributions establish the foundation upon which the DWSRF program will be built. As the program continues to mature, additional funding may be sought through DWSRF leveraging or other potential funding sources.

B. Federal and State Fund Requirements

All DWSRF projects are required to comply with all of the state and federal requirements outlined within this manual.

C. Premises of DWSRF Program Funding

The major program policy is as follows:

1. No grants from the program funds will be awarded;
2. Loans will be made from the currently available federal and State funds at 100% of allowable project costs;

3. An administration fee of one and a half percent (1.5%) of the outstanding loan balance will be collected;
4. Each loan shall bear a simple interest at a rate of two thirds (2/3) of the bond market prime rate as indicated in the most recent publication of "The Bond Buyer", less the one and a half percent administrative fee;
5. The interest rate will remain fixed over the life of a loan;
6. The principal amortization on loans will begin one year after the Notice To Proceed (NTP) or the date of the final loan agreement, whichever is later;
7. Projects will be funded based on priority and readiness to proceed. Compliance projects will receive priority over new capacity projects;
8. The maximum loan repayment period is 20 years. Repayments shall be made at least annually; and
9. 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. However, the DWSRF will finance engineering and design costs in cases where it is determined that an extreme hardship exists, particularly for small rural water systems.

IV. DWSRF LOAN PROGRAM FLOWCHART

The DWSRF loan program requires that a series of phases be followed to obtain a loan. These phases are illustrated in Appendix C with a flowchart. The required phases for the DWSRF loan program are listed in sequential order below to introduce the entire process. Specific guidance for each phase is presented in the discussion that follows.

1. PRIORITY LIST PHASE:
 - A. Applicant requests project ranking
 - B. DOH ranks projects annually (via Priority List)
 - C. DOH develops the Intended Use Plan (IUP) to earmark funds

2. PLANNING PHASE:

- A. Applicant submits Project Report
- B. DOH reviews/approves Project Report
- C. Applicant submits Environmental Assessment Documents (EAD's)
- D. DOH oversees the environmental review process via the State Environmental Review Process (SERP)
- E. Applicant submits Plans & Specifications
- F. DOH reviews/approves Plans & Specifications
- G. DOH reviews/approves Federal Requirements (if applicable)
- H. DOH completes Planning Documents review (Project Report, SERP, Plans & Specifications, Federal Requirements), and sends Planning Documents approval letter to Applicant

3. LOAN AGREEMENT PHASE:

- A. Applicant submits DWSRF loan application
- B. DOH approves loan application
- C. DOH completes the Planning Documents review (see Planning Phase), sends Planning Documents approval letter to Applicant
- D. DOH sends loan offer and interim loan agreement and Pre-Award Package to Applicant
- E. Applicant and DOH sign interim loan agreement
- F. Applicant advertises/opens bids
- G. Applicant submits Pre-Award Package with the contracts and agreements it proposes to accept
- H. DOH reviews/approves Pre-Award Package and proposed contracts and agreements. DOH sends final loan agreement (deleting interim conditions that are satisfied)
- I. Applicant and DOH sign final loan agreement

4. CONSTRUCTION PHASE:

- A. Applicant initiates construction
- B. DOH conducts interim inspections
- C. DOH conducts final construction inspection and establishes construction cut-off date

5. LOAN PAYMENT PHASE:

- A. Applicant submits all remaining documents required before payment can be processed
- B. Applicant requests payment every month based on costs incurred
- C. DOH reviews/approves/processes payments

6. OPERATIONS PHASE:

- A. Applicant initiates project operation

7. LOAN REPAYMENT PHASE:

- A. Applicant repays loan, beginning one year after the Notice to Proceed (NTP) or the date of the final loan agreement, whichever is later.

8. LOAN CLOSE-OUT PHASE:

- A. DOH revises loan amortization schedule and sends loan amendment to Applicant
- B. DOH and Applicant sign loan amendment
- C. Applicant makes repayments

The listing above presents eight major phases that are required to complete the DWSRF loan process. It is imperative that the Applicant and the DOH act in concert so that the DWSRF loan process can be a success.

V. PRIORITY LIST PHASE

The Applicant's first step in the DWSRF process is to submit a Proposed Project For DWSRF Funding Form (Appendix D) for each project it wants DOH to consider for DWSRF funding. The Applicant must submit these forms to DOH by the first

day of March of each year, to ensure that all proposed projects will be considered during the preparation of the priority list. DWSRF loans can be awarded only to projects on the priority list.

DOH will rank all the proposed projects, in accordance with the Priority System Policies (Appendix E). Based on the rankings, DOH will prepare the priority list of all proposed projects.

DOH will prepare an Intended Use Plan (IUP) which will include projects that are scheduled to receive funding during the next fiscal year. The public will have at least 30 days to comment on the draft IUP. Each Applicant will also be provided an opportunity to comment on the draft IUP. If warranted by public comments, DOH will schedule a public meeting. After taking into consideration all comments received, DOH will prepare the final IUP for EPA and send a copy to each Applicant. (Appendix E contains a time-line of critical dates during this process.)

Once a project is identified in the IUP, the Applicant should proceed with the planning phase of the project. In the event that a project identified for funding in the IUP is unable to proceed, DOH may bypass this project and substitute it with another project from the priority list.

The Applicant should be aware that projects proposed for refinancing (or re-certification) must comply with all of the regular DWSRF requirements, particularly the Planning Phase requirements as described in the following section.

VI. PLANNING PHASE

The Planning Phase involves the completion of all planning documents. The two most important documents are the Project Report and the Environmental Assessment Documents.

A. Project Report:

The Project Report for water systems projects addresses and analyzes the project area drinking water needs (including source development, transmission, treatment, storage and distribution). It describes in depth how the proposed project best meets the local problems and needs, and selects a cost-effective alternative for fulfilling these needs.

Appendix F describes the DOH Project Report criteria which should be addressed for each project. The DOH will review the Project Report to assess the scope of the proposed project. Approval of the Project Report will set the stage

for the Applicant to submit the project Plans and Specifications.

B. Environmental Assessment Documents:

The Environmental Assessment Documents (EADs) provide an assessment of the impact of the proposed project on the local environment. The EADs will consist of an Environmental Assessment (EA) and the EA Checklist and Certification form. In addition to the current EA, prior EA's and decision documents (EIS, FNSI, Reaffirmations, Negative Declarations) may be submitted. The prior EA's or decision documents may include the proposed project as part of a larger "parent" project.

Any prior decision document submitted must contain information applicable and pertinent to the proposed project, and have logical relevancy to and bearing on the the action being proposed. In particular, the scope of the proposed project must be substantially similar to the project identified in the prior decision document. (Prior decision documents five years old or older must be reaffirmed by the Applicant. A public notice of this reaffirmation should also be prepared.)

When prior decision documents are submitted, a review of the current environmental impacts of the proposed project must be conducted, and new impacts must be addressed in the current EA. If it is determined there are no new impacts, then the current EA need not be an extensive document.

To prepare and submit the EAD's, the Applicant shall follow the procedures and requirements of HRS Chapters 343 (Environmental Impact Statements) and the HAR Chapter 11-200. Reference should be made to A Guidebook for the Hawaii State Environmental Review Process, August 1992, prepared by the Office of Environmental Quality Control (OEQC). Appendix G describes the EAD's criteria which should be addressed and contains the EA Checklist and Certification form necessary for each project. The EAD's must be submitted to the OEQC and DOH.

The first step is the preparation of the EA which is necessary for each proposed project. If the proposed project and its environmental impacts do not differ significantly from a project previously assessed by an EIS, FNSI, or NEG DEC, then the EA should state this fact. The EA (addressing the impacts of the specific project not assessed by the prior decision document), the EA Checklist and Certification form, plus a copy of the prior decision document will then constitute the EAD's for the project.

Federal and state regulations require that each DWSRF project undergo an environmental assessment process. (Classes of projects or actions which will have minimal or no significant effect on the environment are exempted from this requirement - see HAR sec. 11-200-8.) The DOH will oversee this process via the environmental review process, which is described in the following Section C.

C. Environmental Review Process:

The DOH will oversee the environmental review process for all DWSRF proposed projects so that they are in compliance with all state and federal requirements. All environmental review procedures by the Applicant will be based upon the State requirements as outlined in HRS ch. 343 and HRS ch. 11-200. The OEQC Guidebook should be used as a guide. This assessment of the possible impacts of the project on the present and future environment is required for all projects. Appendix H outlines the procedures for the State Environmental Review Process (SERP).

For the SERP process, the Applicant must complete a number of steps which are required by federal regulation. These steps are outlined in Appendix H. A copy of all the documents sent to the OEQC for the environmental review process shall be sent to the DOH no later than the day the documents are provided to the OEQC.

To encourage public participation in all projects, the Applicant must give public notice of all environmental assessment determinations either in the community newspaper or in the OEQC newsletter. For projects whose environmental documents were developed within the past five years, the notice within the OEQC newsletter is an acceptable public notice. For any EIS, the Applicant must hold a public meeting for the project.

The DOH reserves the right to refuse any DWSRF loan to any Applicant if, for any reason, it feels that the proposed project has the potential to impact on the environment in ways that the Applicant has not considered or has not prepared mitigation measures for.

D. Plans and Specifications:

Following submittal of the Project Report and the EAD's, the Applicant should submit the design documents for the project, specifically the plans and specifications (P&S) and the project performance standards.

The DOH will review and approve the P&S. The review will focus on the scope of work of the project, whether it will

meet the design requirements as applicable, any concerns of the environmental review process, and whether the project will comply with the federal and state loan program requirements. The Applicant is encouraged to submit as early as possible preliminary engineering design reports and P&S to the DOH for review and comments if so desired. However, the final P&S and the project performance standards are required for DOH review and approval prior to the approval of the final loan agreement by both parties.

An important aspect of the DOH P&S review is the determination of the costs of the project which are "allowable" for DWSRF funding. Project cost items will be classified as either "eligible" or "ineligible" for loan funding. (See Appendix I for Allowable Cost Criteria and Design Allowance Table). When the P&S are approved and the allowable costs have been determined, the DOH will notify the Applicant by letter, listing any conditions which apply to the project.

E. Federal Requirements:

Federal regulations require that certain conditions be met by the Applicant for DWSRF loan monies prior to the approval of the loan agreement by the DOH. These conditions apply to all DWSRF projects.

In signing the loan application and the loan agreement, the Applicant certifies that they will have or will comply with all the federal regulations applicable to the project and the "cross-cutter" authorities which involve applicable environmental, social, economic and miscellaneous federal regulations which may apply to the proposed project.

Appendix M (Federal Requirements for DWSRF Loan Agreements) contains the "Construction Contract Documents ("Boiler Plate")" which must be inserted into all federally funded DWSRF construction contracts and subcontracts.

F. Planning Documents Approval:

At the completion of the planning phase review, the DOH will send a Planning Documents Approval letter to the Applicant.

VII. LOAN AGREEMENT PHASE:

Concurrent with the Planning Phase, the Applicant should complete the Loan Agreement Phase, including the following items:

A. Loan Application:

When the Project Report (or Preliminary Engineering Report if applicable) is completed and sent to the DOH, the Applicant can submit a loan application (Appendix J).

B. Loan Offer:

Once DOH has reviewed and approved the loan application, it will send a loan offer to the Applicant. The loan offer will include the interim loan agreement (Appendix K).

The Applicant must submit the following documents and forms, as required in the interim loan agreement, before the final loan agreement can be signed:

1. A written approval by the Board or Commission which authorizes the SRF loan application and identifies the dedicated source(s) of revenue (i.e., general obligation bonds) which will fund the project and repayment of the loan with interest. (This must be submitted before the first loan payment to the Applicant is made.)
2. For all real property, including easements required for the project, attach an opinion from a title counsel certifying that sufficient interest or rights to all property have been obtained to ensure undisturbed use and possession for the useful life of the project. (This must be submitted before the first loan payment to the Applicant is made.)
3. Any inter-governmental or Applicant-private agreements relative to this project.
4. The project environmental review documents.
5. The Applicant must also submit a Certification Regarding Debarment, Suspension, and Other Responsibility Matters (EPA form 5700-49) (Appendix J).

In addition, the Planning Phase must be complete and the Planning Documents approval letter sent by the DOH to the Applicant.

If the above requirements and other terms of the interim loan agreement are acceptable to both parties, the Applicant and DOH will sign the final loan agreement.

C. Bid Advertisement:

Upon signing the interim loan agreement, the Applicant should advertise for bids to construct the project and negotiate any A/E agreements. The state procurement requirements (Chapter 103D of the Hawaii Revised Statutes) apply to the DWSRF program.

During the procurement process for all projects, the Applicant must comply with the federal regulations governing the participation of Minority Business Enterprises and Women's Business Enterprises (see Appendix O). Also, the federal "boiler plate" requirements must be included in the proposed contract(s) for all projects (see Appendix M).

D. Pre-Award

After the Applicant has selected the contract(s) and agreement(s) it proposes to accept, it should submit the following documents to DOH.

1. Pre-Award Form (see Appendix L).
2. The proposed A/E agreement(s) - all agreements must include the "boiler plate" requirements.
3. For the construction portion of the project (if applicable):
 - a. Construction contract(s) which the Applicant proposes to accept, with the bid tabulation. (All construction contracts must include the "boiler plate" requirements.)
 - b. A summary of all bidders' proposals received, with an identification of the lowest, responsive, responsible bidder;
 - c. Evidence of bid advertisement; and,
 - d. The engineer's estimate of project costs.

Neither EPA nor DOH will be involved in resolving bid disputes. DOH will not disburse any loan amount until all bid disputes have been resolved by the loan recipient.

DOH will review and approve the Pre-Award packet and all the contracts and agreements. Based on this review, DOH will determine the amount of the loan and will initiate the execution of the final loan agreement.

E. Final Loan Agreement Terms:

The final loan agreement will be sent to the Applicant for signature. If the Applicant chooses to sign the agreement, it must comply with the following terms:

1. The Applicant must promptly proceed with construction of all significant elements of the project (if applicable).
2. The Applicant must maintain its accounting records for this project in accordance with the "Fiscal Records to be Maintained by Applicants" (See Appendix N).
3. The Applicant must submit to DOH the executed construction contracts, the executed A/E agreements, and the Notice to Proceed. The Applicant must also submit the Certifications Regarding Debarment and Suspension completed by each contractor and A/E firm, and a completed MBE/WBE Utilization form for the project. No payments will be processed until these documents are received. (See Appendix M).

Once the Applicant signs the final loan agreement, it must be returned to DOH for signatures. The final loan agreement is executed once it is signed by all parties. DOH will send the Applicant one executed copy of the agreement, with original signatures.

VIII. CONSTRUCTION PHASE: (if applicable)

The Applicant initiates this phase by conducting the pre-construction conference. The Applicant should notify DOH of the conference date. During the construction of the project, DOH engineers will perform interim construction inspections to ensure that the facility is being constructed in accordance with the scope of work of the project, the P&S, and the loan agreement. The inspections will be conducted on a quarterly basis at a minimum.

If funds are available, a contingency of up to 5% of the original eligible construction costs, shall be provided to fund change orders. The Applicant shall submit to DOH all executed construction change orders.

When the construction of the project is complete, the Applicant will request a Final Construction Inspection from the DOH. DOH engineers will conduct this inspection to see that all punchlist items have been completed and that the

project has been constructed in accordance with the scope of work of the project, the plans and specifications, and the loan agreement. A final construction inspection report will be made by DOH and sent to the Applicant.

The DOH, in consultation with the Applicant representatives, will determine the construction cut-off date. After this date, no costs incurred by the Applicant on this project are eligible for SRF loan funding.

IX. LOAN PAYMENT PHASE:

As previously noted, before payment can be processed the Applicant must submit the executed construction contracts and A/E agreements, and the Notice to Proceed with construction.

The Applicant must also submit the Certifications Regarding Debarment and Suspension, completed by each contractor and A/E firm, and a completed MBE/WBE Utilization form for the project. If the Applicant identifies an MBE/WBE which is not on DOH's list, then it must submit a self-certification of MBE/WBE status (see Appendix O).

On a monthly basis, the Applicant should request payment for costs incurred. Although costs incurred must be due and payable, the Applicant need not have paid the contractor before submitting a request for payment under the loan agreements. Payment for the loan will be made directly to the Applicant.

The Applicant must request payment by submitting the DWSRF Progress Payment Request form Appendix P. The payment request (original and two copies) must be accompanied by one set of supporting invoices and a combined voucher register and expenditure distribution journal (commonly referred to as "spread sheet"). The submittal must include a copy of the contractor's pay estimate (signed by both the recipient and the contractor).

DOH may, at any time, review and audit payment requests and adjust for errors or items not eligible for loan assistance. The loan payment will be based on the amount of money currently due and payable to the contractor for eligible bid items, minus any amounts previously paid by DOH. Engineering and project inspection fees will be paid as a percentage of the project completion to date. The Applicant should assure that adequate funding is available to pay the contractor in case the loan payment is not processed before payment to the contractor is due.

X. OPERATIONS PHASE:

The Applicant will notify the DOH of the Project Initiation Date for the constructed facility (or completed project). The DOH may conduct operation and maintenance inspections periodically to assure that the constructed facility is being properly operated and maintained.

XI. LOAN REPAYMENT PHASE:

The Applicant shall repay the loan to DOH in at least semi-annual installments not to exceed 20 years, with the first repayment due one year after the date of the Notice to Proceed with construction of the project or one year after the final loan agreement is accepted and signed by the Applicant, whichever occurs later.

Following the final loan payment, a supplemental loan agreement shall be prepared to reflect the final amortization schedule for the loan repayments. All loan repayments must be sent to the Wastewater Branch. With the Director's prior approval, the recipient may prepay all or any portion of the project loan.

There will be a 1% per month simple interest penalty for late repayments. There is a 15 day grace period. If the payment is not received by the end of the grace period, the penalty will be assessed from the repayment due date. Penalties assessed will not change the principal balance of the loan contract. Such penalties will be treated as a separate amount, in addition to the repayment due.

XII. LOAN CLOSE-OUT PHASE:

When the Applicant submits the final repayment. The DOH will send a letter to the Applicant certifying that the loan has been repaid in full.

XIII. APPLICANT CAPABILITY REQUIREMENTS:

A. Technical, Managerial and Financial Capability Review:

DOH will conduct a technical, managerial and financial capability analysis of DWSRF loan applicants. The purpose of this review is to evaluate each system to be funded to ensure it has adequate capacity to receive funding and safeguard against the possibility of default. The Applicant's financial capability will have added significance if the State leverages the DWSRF, because the

revenue bond rating will be based, in part, on the Applicant's financial capability. The Applicant shall submit a copy of a comprehensive financial report and an audit report.

The capability review shall consist of collecting basic technical, managerial and financial indicators about municipal debt, financial operations and socioeconomic conditions. These indicators will be compared with indicators of prior years and any available benchmark. The capability review shall be conducted in a confidential manner.

XIV. Miscellaneous Items:

A. Record Keeping Requirements:

The Applicant must keep and maintain project records, including:

1. Accounts accurately depicting amounts received and expended for the project, including all funds received from the DWSRF;
2. Total costs of the project, with documentation to support its eligibility for project funding;
3. Planning, design and environmental documents; and
4. Program income data.

These records must be maintained for at least three years after close-out, or until any disputes, such as audit findings, have been resolved. After the three year period, the Applicant must continue to maintain records on principal and interest repayments and loan fee payments of the loan. All records shall be accessible to DOH, EPA and the State Controller.

B. Disputes:

Disputes under this policy are expected to be minimal. Any dispute which is not otherwise resolved shall be referred to the Deputy Director of the DOH, or his designee, for decision. In the event that a DOH decision is not acceptable to a loan recipient, the recipient may appeal to the DOH within 30 days. The Deputy Director will prepare a summary of the dispute and make recommendations relative to its final resolution, which will be provided to the DOH Director to review and resolve the dispute.

APPENDIX A

DWSRF DEFINITIONS

DWSRF DEFINITIONS

Act - the federal Safe Drinking Water Act Amendments of 1996

Allowance - an allowance for eligible design costs which is calculated using Table 2 of 40 CFR 35, Subpart I, Appendix B

Annual Report - DOH annual report to EPA which contains information on how the State has met the goals and objectives of the previous fiscal year, as stated in the IUP and grant agreement, including the DWSRF financial statements

Binding Commitment - an executed loan agreement or other legal obligation to provide a DWSRF loan

Capitalization Grant - the grant funds EPA has provided to DOH to capitalize the DWSRF loan program

Construction Cut-off Date - the date the project is capable of initiating operation, as determined by DOH

Contingency - an allowance for eligible change order costs equal to 5% of the eligible construction costs identified in the Preaward Packet

Cross-cutters - requirements of federal laws and executive orders which may not be specifically identified in the Safe Drinking Water Act, but which apply broadly to the federally funded first round projects and a wide range of other federal financial assistance programs

Debt Services - the amount of money necessary to pay interest and principal on an outstanding SRF loan(s), as identified in each loan amortization schedule

Default - failure to make a loan payment

DOH - Hawaii State Department of Health

DWSRF - the Drinking Water State Revolving Loan Fund

Enforceable Requirements of the Act - provisions of the federal Safe Drinking Water Act which, if violated, could result in an administrative or judicial enforcement action

EPA - the United States Environmental Protection Agency

Exempt Projects - projects or classes of projects which have minimal or no significant effect on the environment (see the OEQC Guidebook and HAR §11-200-8). These projects are exempt from environmental review requirements.

Federal Fiscal Year - October 1 through September 30

Initiation of Operation - the date specified by the Applicant on which use of the project begins, for the purpose for which it was planned, designed and built

Intended Use Plan (IUP) - a document prepared by DOH each year which identifies the intended uses of the SRF funds and describes how these uses support the goals of the DWSRF.

Leveraging - the use of DWSRF funds as security for the sale of State bonds

Operating Agreement (OA) - the State's basic framework and procedures of the DWSRF

Payment - loan funds paid to the Applicant based on the Applicant's DWSRF payment request and DOH's eligibility review

Phase or Segment - any cost-effective portion of a complete water system that can be identified as a separate contract, or

discrete subitem or subcontract. Completion of a water system segment may, but need not in itself, result in an operable water system. Recipients must agree to complete the project and build all phases and segments whether funding is available for the remaining phases and segments.

Project Close-out - the final actions taken by DOH and the Applicant to assure satisfactory completion of project work and to fulfill administrative requirements, including: financial settlement, submission of final audit resolution, and resolution of any outstanding issues

Priority List - a list of drinking water facilities which are ranked in accordance with their priority to receive funding from the DWSRF program

Public Water System - a system that serves 25 or more persons at least 60 days a year or has at least 15 service connections.

Repayment - the loan recipient's payment of principal and interest for an SRF loan

State Allotment - that portion of the total amount of money appropriated by Congress each Federal fiscal year for wastewater treatment State Revolving Fund Loans, which is specifically designated for use in the State of Hawaii

State Fiscal Year - July 1 to June 30

State Match - the required state contribution of 20% of the federal capitalization grants

State Over-match - any state contributions to the SRF, in excess of the required 20% state match

APPENDIX B

DWSRF ENABLING LEGISLATION

HRS TITLE 19, CHAPTER 340E

A BILL FOR AN ACT

RELATING TO DRINKING WATER.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

- 1 SECTION 1. The legislature finds and declares that:
- 2 (1) The protection of public health by the provision of
- 3 safe drinking water and the prevention, reduction, and
- 4 elimination of contaminants in drinking water is a
- 5 public purpose;
- 6 (2) Congress has provided for the funding of loans and
- 7 other specified financial assistance for improvements
- 8 to public water systems through the Safe Drinking Water
- 9 Act Amendments of 1996, Public Law 104-182 (federal
- 10 act);
- 11 (3) Coordination of state and federal efforts to protect
- 12 and improve drinking water quality should be
- 13 encouraged;
- 14 (4) The protection and improvement of the quality of
- 15 drinking water supplied by public water systems can be
- 16 encouraged, initiated, or financed with loans and other
- 17 financial assistance; and
- 18 (5) The state effort to protect and improve the quality of
- 19 drinking water supplied by public water systems,
- 20 including the provision of loans and other financial

1 assistance to public water systems, including such
2 systems that are privately owned, is a public purpose.

3 SECTION 2. Chapter 340E, Hawaii Revised Statutes, is
4 amended by adding a new part to be appropriately designated and
5 to read as follows:

6 "PART . DRINKING WATER FINANCING

7 §340E-A Definitions. As used in this part, unless the
8 context otherwise requires:

9 "Drinking water fund" means the drinking water treatment
10 revolving loan fund established by section 340E-E.

11 §340E-B Declaration of policy. The State's policy is to
12 protect and improve drinking water quality by financing eligible
13 projects consistent with applicable federal and state laws.

14 §340E-C Powers and duties. (a) The director may approve
15 grants, loans, and other financial assistance consistent with
16 this part and the Federal Act to eligible public water systems in
17 the State.

18 (b) The director may enter into any necessary or required
19 agreement and give or make any necessary or required assurance,
20 designation, or certification with or to any person in order to
21 receive payments or to make or provide any financial assistance
22 in conformance with the Federal Act.

1 (c) The director may enter into grant agreements with the
2 administrator of the United States Environmental Protection
3 Agency and accept drinking water fund capitalization and other
4 grants. Federal capitalization grants shall be used only for the
5 drinking water fund and other uses allowed by the Federal Act
6 (e.g., section 1452(a)(2), (a)(3), (d), (g)(2), and (k) of the
7 Federal Act).

8 (d) The director may adopt rules pursuant to chapter 91 for
9 the purposes of this part, including rules setting fees for loans
10 and other financial assistance issued through the drinking water
11 fund and penalties for default of loans or other financial
12 assistance.

13 (e) The director shall establish fiscal controls and
14 accounting procedures at least sufficient to assure proper
15 accounting for appropriate accounting periods of payments,
16 disbursements, revenues, and fees received and made for fund
17 balances at the beginning and end of the accounting period.
18 Federal funds in the drinking water fund shall be kept in a
19 separate account or series of accounts from the account or
20 accounts for state funds in the drinking water fund.

21 (f) The director may perform any act considered reasonably
22 necessary, advisable, or expedient for the administration of this
23 part or the advancement of the purposes of this part.

1 (g) The director may create one or more separate accounts
2 or subaccounts within the drinking water fund and may specify any
3 conditions applicable to the transfer of moneys and securities
4 among such accounts and subaccounts.

5 (h) The director may create one or more separate accounts
6 or subaccounts outside the drinking water fund to handle funds
7 for programs and administrative expenses consistent with the
8 Federal Act, and the director may specify any conditions
9 applicable to the transfer of moneys and securities among such
10 accounts and subaccounts and to the drinking water fund.

11 (i) Moneys in accounts outside the drinking water fund may
12 be placed in interest bearing investments or otherwise invested
13 at the discretion of the director until such time as the moneys
14 may be needed. All interest accruing from the investment of
15 these moneys shall be credited to accounts established under this
16 part as the director considers appropriate.

17 (j) Not less than twenty days prior to the convening of
18 each regular session of the legislature, the director shall
19 submit to the legislature a financial report addressing the
20 operations of the drinking water fund during the last completed
21 fiscal year, including information on each grant, loan, or other
22 financial assistance made during that year. The report shall
23 include:

- 1 (1) The name of the recipient;
- 2 (2) The effective date of the financial assistance;
- 3 (3) The amount provided; and
- 4 (4) The intended or actual use of the funds.

5 §340E-D Grants. (a) The director may make grants to
6 public water systems from state funds as authorized and
7 appropriated by the legislature for the construction of necessary
8 water treatment works or other related drinking water projects.
9 Grants shall not be made from the drinking water fund.

10 (b) The director shall coordinate the granting of state
11 funds with available federal funds for the same purpose. Grants
12 involving federal funds shall be consistent with federal law.

13 (c) The director may allocate grants to drinking water
14 projects on the basis of existing health concerns. No grant
15 shall be made for any project unless:

- 16 (1) The project conforms with the state grant plan to
17 provide safe drinking water;
- 18 (2) The project is certified by the director as being
19 entitled to priority over other eligible projects on
20 the basis of financial as well as drinking water
21 quality needs; and
- 22 (3) In the case of water treatment works, the applicant for
23 the grant commits to maintain the water treatment plant
24 efficiently and properly after its construction.

1 §340E-E Drinking water treatment revolving loan fund;
2 establishment, purpose. There is established in the state
3 treasury a fund to be known as the drinking water treatment
4 revolving loan fund to be administered by the director. The fund
5 shall be administered, operated, and maintained to remain
6 available in perpetuity to provide loans and other financial
7 assistance to eligible public water systems for projects or
8 activities eligible under this part and the Federal Act.

9 §340E-F Drinking water fund; uses and limitations; types of
10 assistance. (a) Moneys in the drinking water fund may be used
11 only as allowed and limited by sections 1452(a)(2) and (3),
12 1452(d), and 1452(k)(1) and (2) of the Federal Act and this part
13 Such uses include loans and other financial assistance for
14 facilitating compliance with applicable national primary drinking
15 water regulations or otherwise significantly furthering the
16 health protection objectives of the Federal Act.

17 (b) Moneys in the drinking water fund may be used only:

18 (1) To provide, make, and condition loans;

19 (2) To buy or refinance debt obligations of a municipality
20 as defined by the Federal Act at or below market
21 interest rates if the debt obligation is incurred after
22 July 1, 1993;

- 1 (3) To guarantee or purchase or provide insurance for a
2 public water system obligation if such action would
3 improve credit market access or reduce interest rates
4 applicable to the obligation;
- 5 (4) As a source of revenue or security for the payment of
6 principal and interest on revenue or general obligation
7 bonds issued by the State if the proceeds of the sale
8 of the bonds will be deposited into the drinking water
9 fund; and
- 10 (5) To earn interest on the amounts deposited into the
11 drinking water fund.
- 12 (c) Five per cent of the moneys in the drinking water fund
13 shall be set aside for use in the geographic areas of the State
14 serviced by water catchment systems for the purposes identified
15 in subsection (b); provided, if no such area qualifies for use of
16 the moneys in the drinking water fund, the moneys shall no longer
17 be set aside and revert back as unrestricted moneys to the fund.
- 18 **§340E-G Drinking water fund; conditions.** (a) No loan or
19 other financial assistance shall be made from the drinking water
20 fund for any project unless:
- 21 (1) The project conforms with the state intended use plan
22 to provide safe drinking water which meets section 1452
23 of the Federal Act;

- 1 (2) The project is certified by the director as being
2 entitled to priority over other eligible projects on
3 the basis of financial as well as drinking water
4 quality needs; and
- 5 (3) In the case of water treatment works, the applicant for
6 the loan or other financial assistance commits to
7 maintain the water treatment works efficiently and
8 properly after its construction.
- 9 (b) Except for subsidies to disadvantaged communities made
10 consistently with section 1452(d) of the Federal Act, all loans
11 from the drinking water fund shall:
- 12 (1) Be made at or below market interest rates, including
13 interest free loans;
- 14 (2) Require payments of principal and interest with
15 repayment commencing not later than one year after
16 completion of the project for which the loan is made,
17 and be fully amortized not later than twenty years
18 after project completion, except that for disadvantaged
19 communities an extended repayment term may be provided
20 as allowed by the Federal Act;
- 21 (3) Require the recipient of the loan to establish a
22 dedicated source of revenue (or in the case of a
23 privately owned system, demonstrate that there is

1 adequate security) for the repayment of the loans. For
2 a county, the dedicated source may be a pledge of the
3 county's full faith and credit (a general obligation
4 payable from its general fund), of special assessments,
5 of revenues from an undertaking, system or
6 improvements, including user charges, or of any other
7 source of revenue; and

8 (4) Be repaid, both principal and any interest, to the
9 credit of the drinking water fund.

10 §340E-H Drinking water fund; deposits. The following may
11 be deposited into the drinking water fund:

- 12 (1) Federal capitalization grant funds and other federal
13 grants, loans, or appropriations;
- 14 (2) Appropriations by the legislature to the drinking water
15 fund;
- 16 (3) Payments of principal and interest, matching funds, and
17 other amounts made by public water systems under loans
18 or other agreements entered into with the director
19 under this part;
- 20 (4) Fees for loans and other items;
- 21 (5) Moneys paid to the drinking water fund as a result of
22 court-ordered awards of judgments;

1 (6) Moneys paid to the drinking water fund in court-
2 approved or out-of-court settlements;

3 (7) All interest attributable to investment of moneys
4 deposited in the drinking water fund; and

5 (8) All moneys allotted or directed to the drinking water
6 fund from other sources.

7 §340E-I Drinking water fund; fees. (a) If established,
8 fees shall cover the costs of current activities, including the
9 issuance of loans and other financial assistance, monitoring of
10 loans and other financial assistance repayments and conditions,
11 technical review of the planning and design documents, monitoring
12 of construction activities, conducting operation and maintenance
13 inspections of drinking water facilities, and activities of the
14 drinking water fund under the Federal Act and shall be used
15 exclusively to support the activities of the drinking water fund.

16 (b) All moneys collected as fees shall be deposited into an
17 administrative expense account or accounts as needed to comply
18 with the Federal Act and shall be used exclusively to support the
19 activities of the drinking water fund.

20 §340E-J Drinking water fund; interest and investment on
21 accounts. Moneys in the drinking water fund shall be placed in
22 interest bearing investments or otherwise invested at the
23 discretion of the director until such time as the moneys may be

1 needed. All interest accruing from the investment of these
2 moneys shall be credited to the drinking water fund.

3 §340E-K Compliance. The failure or inability of any public
4 water system to receive funds under this part or any other loan
5 or grant program, or any delay in obtaining the funds, shall not
6 alter the obligation of the public water system to comply in a
7 timely manner with all applicable requirements of this chapter or
8 rules adopted under this chapter.*

9 SECTION 3. Chapter 340E, Hawaii Revised Statutes, is
10 amended by adding two new sections to be appropriately designated
11 and to read as follows:

12 §340E- Water catchment systems. (a) The department
13 shall establish a program to conduct annual testing of water from
14 water catchment systems for lead and copper. Any resident
15 residing in a legal dwelling which relies on a water catchment
16 system for the resident's water needs shall be eligible to
17 participate in the program, subject to the department's
18 procedures and guidelines and the availability of program funds.
19 Residents shall utilize a certified private analytical laboratory
20 specified by the department or the department may conduct the
21 tests. Participating residents shall pay \$25 for the tests and
22 the department shall cover the remainder of the testing cost.
23 One set of tests a year for each legal dwelling may be requested
24 under this program.

1 (b) The department shall establish procedures and
2 guidelines for the testing which shall:

3 (1) Identify sampling and analytical protocols;

4 (2) Specify report and notice requirements; and

5 (3) Determine participation eligibility procedures and
6 requirements.

7 (c) The department shall establish a nonregulatory program
8 that provides technical assistance to any resident residing in a
9 legal dwelling which relies on a water catchment system for the
10 resident's water needs for the purpose of improving water quality
11 in that system. To the extent practicable, the department shall
12 assist the resident by recommending practical and affordable
13 methods to improve water quality, based on the specific design
14 and conditions of the water catchment system.

15 §340E- Capacity development. The director may adopt
16 rules to ensure that public water systems demonstrate technical,
17 managerial, and financial capacity with respect to each state
18 primary drinking water regulation in effect, or likely to be in
19 effect, when the systems supply drinking water or commence
20 operations."

21 SECTION 4. Section 340E-1, Hawaii Revised Statutes, is
22 amended to read as follows:

23 "§340E-1 Definitions. As used in this [part:] chapter:

1 [(1)] "Department" means the department of health.

2 [(2)] "Director" means the director of [the department of]
3 health or the director's authorized agent.

4 [(3)] "Public water system" means a system which provides
5 [piped] water for human consumption through pipes or other
6 constructed conveyances if the system has at least fifteen
7 service connections or regularly serves at least twenty-five
8 individuals. Such term includes:

9 [(A)] (1) Any collection, treatment, storage, and
10 distribution facilities controlled by the system and
11 used primarily in connection with the system; and

12 [(B)] (2) Any collection or pretreatment storage facilities
13 not under the control of, but which are used primarily
14 in connection with the system.

15 [(4)] "Person" means an individual, corporation, company,
16 association, partnership, county, city and county, state, or
17 federal agency.

18 [(5)] "Federal agency" means any department, agency, or
19 instrumentality of the United States.

20 [(6)] "Supplier of water" means any person who owns or
21 operates a public water system.

22 [(7)] "Contaminant" means any physical, chemical, biological,
23 or radiological substance or matter in water.

1 [(8)] "Administrator" means the administrator of the United
2 States Environmental Protection Agency.

3 [(9)] "Federal Act" means the Safe Drinking Water Act, Public
4 Law 93-523, as amended by the Safe Drinking Water Act Amendments
5 of 1986, Public Law 99-339[.], and the Safe Drinking Water Act
6 Amendments of 1996, Public Law 104-182. This Act is also known
7 as Title XIV of the Public Health Service Act (42 U.S.C. §§300f
8 et seq).

9 [(10)] "Primary [Drinking Water Regulation] drinking water
10 regulation" means a regulation or rule which:

11 [(A)] (1) Applies to public water systems;

12 [(B)] (2) Specifies contaminants which, in the judgment of
13 the director, may have any adverse effect on the health
14 of persons;

15 [(C)] (3) Specifies for each contaminant either:

16 [(i)] (A) A maximum contaminant level if, in the
17 judgment of the director, it is economically and
18 technologically feasible to ascertain the level of
19 such contaminant in public water systems; or

20 [(ii)] (B) If, in the judgment of the director, it is
21 not economically or technologically feasible to
22 ascertain the contaminant level each treatment
23 technique known to the director which leads to a

1 reduction in the level of such contaminant
2 sufficient to satisfy the requirements of section
3 340E-2; and

4 [(D)] (4) Contains criteria and procedures to assure a
5 supply of drinking water which dependably complies with
6 such maximum contaminant levels, [it includes]
7 including accepted methods for quality control and
8 testing procedures to insure compliance with such
9 levels and proper operation and maintenance of the
10 system, and requirements as to:

11 [(i)] (A) The minimum quality of water which may be
12 taken into the system; and

13 [(ii)] (B) Siting for new facilities for public water
14 systems.

15 Quality control and testing procedures published in the
16 Federal Register as guidance by the administrator may
17 be adopted by the director by rule as an alternative
18 for public water systems to the quality control and
19 testing procedures listed in the corresponding and
20 previously promulgated federal primary drinking water
21 regulation.

22 [(11)] "Secondary [Drinking Water Regulation] drinking water
23 regulation" means a regulation or rule which applies to public

1 water systems and which specifies the maximum contaminant levels
2 which, in the judgment of the director, are requisite to protect
3 the public welfare.

4 [(12)] "National [Primary Drinking Water Regulations] primary
5 drinking water regulations" means primary drinking water
6 regulations promulgated by the administrator pursuant to the
7 Federal Act.

8 [(13)] "Injection" means the subsurface emplacement of any
9 material, liquid, semi-solid, or solid, or any admixture thereof,
10 which may add a contaminant to underground waters."

11 SECTION 5. Section 340E-6, Hawaii Revised Statutes, is
12 amended to read as follows:

13 *§340E-6 Notification of users and department. (a)

14 Whenever a public water system:

- 15 (1) Fails to comply with an applicable maximum contaminant
16 level, treatment technique, or testing procedure
17 requirement of a state primary drinking water
18 regulation;
- 19 (2) Fails to perform monitoring required by regulations
20 adopted by the director;
- 21 (3) Is subject to a variance granted for an inability to
22 meet a maximum contaminant level requirement;
- 23 (4) Is subject to an exemption; or

- 1 (5) Fails to comply with the requirements of any schedule
2 prescribed by such a variance or exemption;
3 the public water system shall promptly notify the department, and
4 in the case of a violation under subsection (a)(1), the local
5 communications media, of the conditions and the extent to which
6 they may impose adverse effects on public health and the
7 corrective action being taken when appropriate.
- 8 (b) [Notification shall be provided as follows:
- 9 (1) Notice of any violation of a maximum contaminant level
10 or any other violation determined by the director as
11 posing a serious potential adverse health effect shall
12 be given as soon as possible, but in no case later than
13 fourteen days after the violation;
- 14 (2) Notice of a continuous violation of subsection (a)
15 other than a violation of a maximum contaminant level
16 shall be given not less frequently than every three
17 months;
- 18 (3) Notice of a variance or exemption shall be given not
19 less frequently than every three months;
- 20 (4) The public water system shall also publish notice in a
21 newspaper of general circulation within the areas
22 served by the public water system. The notice shall
23 also accompany the water bills of the public water

1 system so long as the violation, variance, or exemption
2 continues; and] Notice of any violation determined by
3 the director as posing a serious adverse health effect
4 as a result of short term exposure shall be given as
5 soon as practicable, but not later than twenty four
6 hours after the violation.

7 [(5)] (c) The director shall prescribe by rules the form,
8 content, and manner for giving [such] notice. The rules may
9 contain such additional public notification requirements as the
10 director determines are necessary to best effectuate the purpose
11 of this [section] chapter, including consumer confidence reports,
12 and may also contain alternative notice requirements [for systems
13 principally serving nonresident users.] as allowed by the Federal
14 Act."

15 SECTION 6. Section 340E-7, Hawaii Revised Statutes, is
16 amended to read as follows:

17 *§340E-7 Prohibited acts. (a) No supplier of water shall
18 violate any rule adopted pursuant to section 340E-2.

19 (b) No supplier of water shall violate any condition or
20 provision of a variance, exemption, permit, or other written
21 authorization issued under this part.

22 (c) No supplier of water shall violate any requirement of
23 an emergency plan promulgated pursuant to section 340E-5.

- 1 (d) No supplier of water shall violate any rule adopted
2 under section 340E-6 or disseminate any false or misleading
3 information with respect to notices required pursuant to
4 section 340E-6 or with respect to remedial actions undertaken to
5 achieve compliance with state primary drinking water regulations.
- 6 (e) No person shall violate any order issued by the
7 director pursuant to this part.
- 8 (f) No person shall cause a public water system to violate
9 the state primary drinking water regulations.
- 10 (g) No person shall violate underground injection control
11 rules adopted pursuant to this part.
- 12 (h) No person shall fail or refuse to comply with the
13 director's authority to inspect the premises of a supplier of
14 water pursuant to section 340E-4.6.
- 15 (i) No person shall install or repair any public water
16 system or any plumbing in a residential or nonresidential
17 facility providing water for human consumption which is connected
18 to a public water system with any pipe, solder, or flux that is
19 not lead free. "Lead free" with respect to solders and flux
20 means containing not more than 0.2 per cent lead and with respect
21 to pipes and pipe fittings means containing not more than 8.0 per
22 cent lead. This subsection shall not apply to leaded joints
23 necessary for the repair of cast iron pipes.

1 (j) No person shall violate rules on public water system
2 capacity adopted pursuant to this part."

3 SECTION 7. This Act does not affect rights and duties that
4 matured, penalties that were incurred, and proceedings that were
5 begun before its effective date. Rules adopted pursuant to
6 chapter 340E, Hawaii Revised Statutes, shall remain in effect
7 until the rules are amended, repealed, or replaced.

8 SECTION 8. This Act shall not be construed to limit powers
9 set forth in chapter 340E, Hawaii Revised Statutes, and not
10 amended or repealed by this Act.

11 SECTION 9. In codifying the new part added to chapter 340E,
12 Hawaii Revised Statutes, by section 2 of this Act, the revisor of
13 statutes shall substitute appropriate section numbers for the
14 letters used in the new sections' designations in this Act.

15 SECTION 10. In revising the statutes, the revisor of
16 statutes shall alphabetize the definitions in section 340E-1,
17 Hawaii Revised Statutes.

18 SECTION 11: Statutory material to be repealed is bracketed.
19 New statutory material is underscored.

20 SECTION 12. This Act shall take effect upon its approval.

APPROVED BY THE
GOVERNOR ON

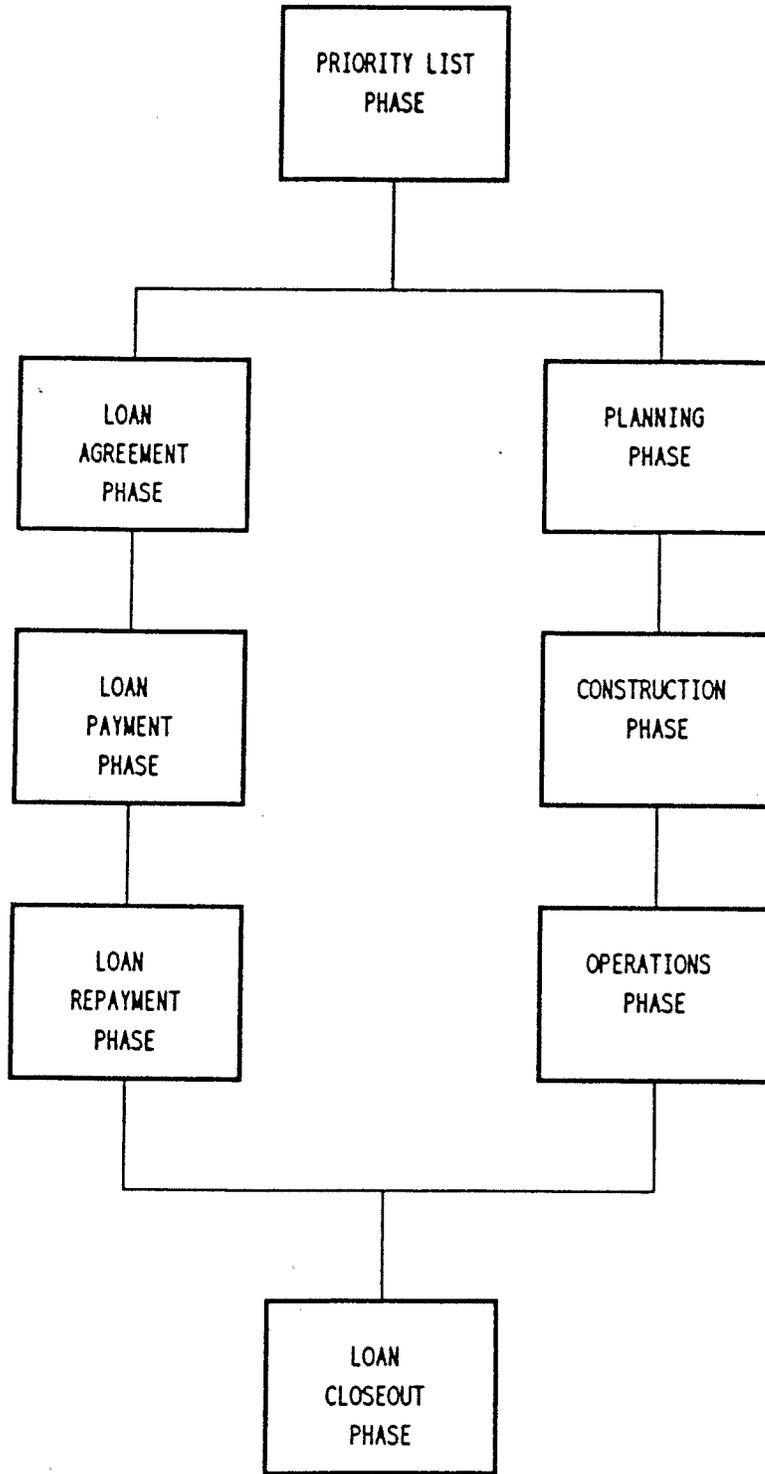
JUN 16 1997

APPENDIX C

FLOW DIAGRAM OF LOAN PROCEDURES AND

DWSRF QUESTIONS AND ANSWERS

DWSRF PROCESS GENERAL FLOWCHART

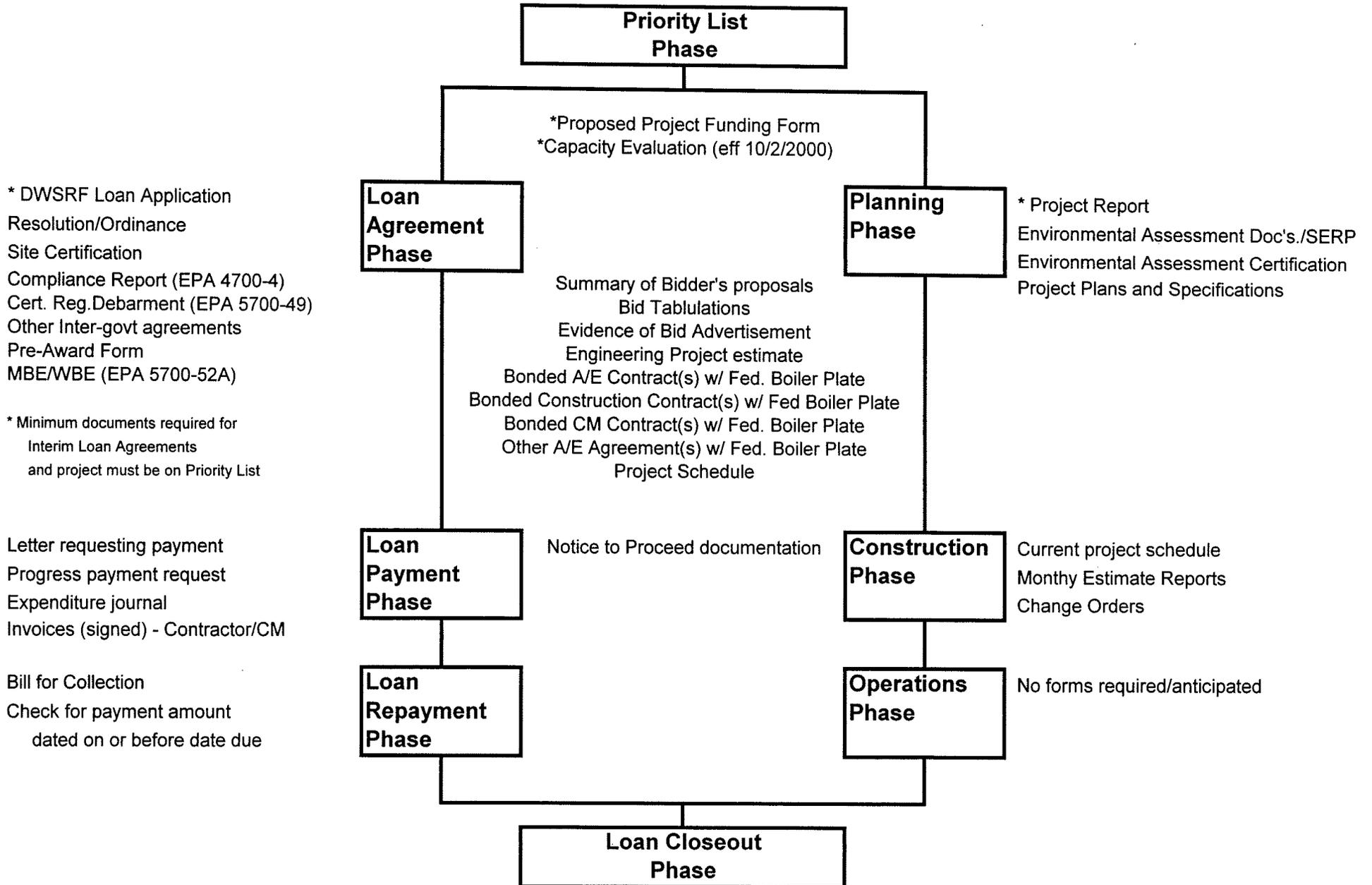


DWSRF Process Flowchart w/ Items to be submitted to DOH by Applicant

to be provided generally by Appl. Fiscal Personnel

to be provided by Appl. Fiscal and/or Engineering

to be provided generally by Appl. Engineering Personnel



WHAT IS THE DWSRF?

1. **Q** **Where does the Drinking Water State Revolving Fund (DWSRF) come from?**

A The DWSRF was established by Congress as part of the 1996 Amendments to the Safe Drinking Water Act. EPA will award capitalization grants to the States through 2003 as "start-up" money for the loan program. The State of Hawaii will receive approximately \$ 60 million of "start-up" money from 1997 to 2003.

2. **Q** **How does the DWSRF program work?**

A Each State may design their own program within certain federal guidelines. Projects must be on a priority list based on public health and compliance needs. DWSRF loans are executed with selected recipients and payments are made on costs incurred.

3. **Q** **What types of projects are qualified to receive loans?**

A Construction of public water systems including source development; treatment facilities; distribution systems; pumping equipment; extensions; improvements; remodeling; additions and alterations of the above; and any works including site acquisition of land that will be an integral part of the water systems.

4. **Q** **What is the interest rate?**

A Each loan shall bear a simple interest at a rate of two-thirds (2/3) of the bond market prime rate as indicated in the most recent publication of "The Bond Buyer", less one and a half percent loan fee.

5. **Q** **What is the Payback period?**

A No more than 20 years, with the first repayment due one year after the Notice to Proceed. The loan can be prepaid without any penalty.

6. **Q** **How often must repayments to the loan be made?**

- A** At least annually, unless specified otherwise in the loan agreement.
7. **Q** **How is interest compounded?**
- A** At least annually, unless specified otherwise in the loan agreement.
8. **Q** **Who can apply?**
- A** Any owner of a public water system.
9. **Q** **What amount of DWSRF assistance will be provided?**
- A** Up to 100% of eligible costs will be provided for each project. Future years assistance will be dependent upon the availability of the State and Federal funds and project needs.
10. **Q** **When does payback start?**
- A** The first principal and interest repayment must be made within one year following Notice to Proceed of construction projects. Loan pre-payments may be made only with the Director's prior approval.
11. **Q** **When does interest start?**
- A** Interest is accrued during project development. Interest starts accruing the day the State issues a warrant or check to the Applicant for the loan project.
12. **Q** **Is 100 percent of the project cost eligible?**
- A** Only project costs which meet the Allowable Cost Criteria are eligible for DWSRF loans.
13. **Q** **Can one year's loan recipient receive a loan in subsequent years?**
- A** Yes.
14. **Q** **Can an amendment to the loan amount be made?**
- A** The Director may approve an amendment to a loan amount, depending on the availability of funds and the priority

of the increase in project costs.

15. **Q Is interim financing necessary?**

A No, however, loan payments for incurred cost may be made monthly.

16. **Q What is "State Match"?**

A The State must provide a 20 percent match to Federal dollars received in a Capitalization Grant.

17. **Q How will payments be made?**

A Payments to the Applicant will be made for eligible costs incurred upon receipt of proper and acceptable monthly payment requests. Requests must include contractor's claims and estimate of percent of completion of the project.

18. **Q Which agencies are involved in administering the DWSRF program?**

A The Safe Drinking Water and Wastewater Branches of the Environmental Management Division of the Department of Health are responsible for the overall management and implementation of the DWSRF Program. Financial and fiscal assistance is provided by the Administrative Services Office of the Department of Health. Department of Budget and Finance is responsible for managing the investment of the balance in the Drinking Water State Revolving Fund account. Department of Accounting and General Services is responsible for certification and disbursement of State funds.

19. **Q Does the sources of funding (i.e., federal or state) determine the requirements which apply to the projects?**

A No. All DWSRF projects must fulfill all the necessary requirements.

20. **Q What are these additional federal requirements?**

A There are some federal cross-cutting as well as environmental review requirements. Also, refer to Title 40 of the Code of Federal Regulations, Part 35, Subpart K.

21. **Q Do Davis-Bacon wage rates apply?**

A At the present time (June 1997), Davis-Bacon wage rates do not apply to SRF projects. However, this could change and DOH will keep all Applicants up to date on this issue.

22. **Q** **Will interagency service agreements be required for DWSRF projects involving two or more government agencies?**

A Yes, for the safety of all parties, including the DWSRF. For example, should a water systems project serve the areas which is part of the jurisdictions belonging to a federal agency or a state agency, and interagency agreement is required to delineate the share of project cost and the responsibilities of the operation and maintenance.

APPENDIX D

PROPOSED PROJECT FOR DWSRF FUNDING FORM

PROPOSED PROJECT FOR DWSRF FUNDING

Project Title: _____

Project Description: _____

Please enter the figures for the following activities eligible under the DWSRF that you wish to finance:

Planning: Estimated Cost: \$_____ Projected Starting Date: _____

Design: Estimated Cost: \$_____ Projected Starting Date: _____

Construction: Estimated Cost: \$_____ Projected Starting Date: _____

Public Water System No. _____ System Name: _____

County: _____ Total Population Served by System: _____

The Census information on the right must be obtained from the most recent Federal Census summary of social, economic, and housing characteristics for the water system or area benefiting from the project:

Census Designated Place
or CDP: _____

Median Household Income: _____

Percent of Families
with income below poverty level: _____%

Check the appropriate line(s), which best describes the proposed project:

Project Type:

Project Level:

___ T1 Address acute health effects
(Surface Water Treatment Rule,
Total Coliform Rule, Nitrate standard)

___ L1 Potable Water source.

___ T2 Address chronic health effects (Lead
and Copper Rule, Phases I, II, and V
Rules, etc.)

___ L2 Water treatment facility.

___ T3 Consolidation of water systems.

___ L3 Distribution and transmission
systems.

___ T4 Address other concerns.

___ L4 Storage facilities.

Project Function:

___ F1 Build a new treatment facility.

___ F2 Upgrade or replace treatment facilities to improve drinking water quality by preventing
contaminants from entering the system.

___ F3 Develop source to replace existing, contaminated source of drinking water.

___ F4 Upgrade or replace storage, distribution and transmission facilities to prevent
contaminants from entering the system.

___ F5 Consolidate systems with insufficient technical, managerial, and financial capability to
maintain compliance with drinking water regulations.

Additional Comments: _____

Contact Name: _____

Contact Phone: _____

EVALUATING CAPACITY OF EXISTING PUBLIC WATER SYSTEMS

Name of Water System _____ PWS No. _____

Signature of person approving the information submitted _____ Date _____

1. DIRECTIONS

A. DEMONSTRATION OF ADEQUATE CAPACITY FOR AN EXISTING PUBLIC WATER SYSTEM

- (1) The evaluation of your system will include: 1) information in this enclosure, and 2) other information available (e.g., SDWB sanitary survey and/or site visit).
- (2) The number of points next to each attribute in the capacity standard is the maximum number of assignable points.
- (3) The sum of the points earned for the attributes in each capacity designation establishes the capacity performance grade and provides also, the baseline score for comparison against future evaluations of the system. A "satisfactory" water system must receive at least 70% of all points available in each of the three capacity areas (technical, managerial and financial).

2. TECHNICAL CAPACITY EVALUATION

A. TECHNICAL CAPACITY is the physical and operational ability of a water system to meet SDWA requirements. Technical capacity refers to the physical infrastructure of the water system, including the adequacy of source water and the adequacy of treatment, storage and distribution infrastructure. It also refers to the ability of system personnel to adequately operate and maintain the system and to otherwise implement requisite technical knowledge. Technical capacity is demonstrated when the system has the following attributes:

(1) CLEAR SYSTEM DESCRIPTION

- a. The system has engineering plans and specifications for the system. The

engineering plans should show the water sources, treatment and storage facilities, distribution systems and existing interconnections with other systems (if any), and be approved by the SDWB.

Please describe how the system meets this attribute and provide the approved plans and specifications for the new water system. (30 points)

- b. A licensed professional engineer must certify that the water system infrastructure is constructed or will be constructed in accordance with the as-built engineering plans and specifications.

Please provide the name of the engineer responsible for the certification and the name of the company, address, and telephone number of the company the engineer works for. (30 points)

Note: This certification is not required for plans and specifications prepared by personnel in the county department or board of water or water supply, in compliance with applicable county department or board of water or water supply rules, regulations, and standards. Assign 30 points if the system is a county department or board of water or water supply.

- c. A line diagram of the as-built water system with information on well elevations, reservoir elevations and capacities, pumping stations and the distribution system should be available.

Please attach a copy of the line diagram with the information as specified above. (30 points)

- d. The critical areas of the water system should be protected from vandalism.

Please indicate below how the critical areas of the water system are protected from vandalism. (20 points)

(2) **ADEQUATE SOURCE(S) OF WATER**

- a. The water system has sufficient water for a five year or longer projection based on the average daily or the peak water usage and the water system's output. If the water source(s) are not adequate or are not owned by the water system, renewable contracts or other documents are available to obtain the water needed by the system.

Please provide the peak water usage in gallons per day, the average anticipated daily rate of water usage and the pumping capacity of the well and system pump(s). (30 points)

- b. Approval request to use the water source for drinking water has been submitted to the

SDWB, or the water source(s) has already been approved by the SDWB for use in a public water system.

Please provide a copy of the approval request or the water source approval letter. Provide also any comments that the water system may have. (30 points)

- c. A source water assessment to determine susceptibility to contamination has been performed and the assessment indicates that the water source is adequately protected.

Please explain status and provide a copy of the assessment. (30 points)

(3) ADEQUATE OPERATION OF THE WATER SYSTEM

- a. The water system has established the appropriate operator certification level for the distribution and treatment system operators.

Please provide a copy of the documents which establish the operator certification level. (15 points)

- b. The water treatment operators and/or distribution system operators have written operating procedures to follow. The written procedures include operation of major components, operation of water treatment equipment if required, and operation of disinfection equipment if required by the water system.

Please provide a copy of all applicable operating procedures. (30 points)

- c. There are sufficient operators to continue operation of the water system when the primary operator is not available.

Please provide a copy of operator assignments or other documentation to determine how the system will provide a backup operator for the primary operator. (15 points)

- d. The water system has an adequate water quality monitoring plan. The monitoring plan includes where and when to obtain the routine samples, the records required to be kept, and the resample sites and who to notify when the system has a positive or presumptive positive routine sample result.

Please provide a copy of the water quality monitoring plan. (40 points)

- e. Plans are available to implement the EPA's Phase I Rule, the Phase II Rule, the Phase V Rule, and the Lead and Copper Rule.

Please provide a copy of the plans to implement the Rules stated above. Target completion dates should also be submitted. (30 points)

- f. The water system has a written procedure which requires disinfection of any section of the water system affected by construction and repair, or disinfection by soaking and/or flushing after the work is completed.

Please describe procedure and provide a copy of the procedure requiring disinfection during construction. (30 points)

- g. If a contractor will be used to operate the water system, the water system has the proper contracts, agreements, or other documents

establishing the use of a contractor to represent the public water system owner(s) in operating and maintaining the system.

Please provide copies of the contracts, agreements, or other documentation establishing the use of a contractor to operate and maintain the system. (30 points) If water system is operating without assistance from contractor, assign 30 points for this attribute).

(4) ADEQUATE MAINTENANCE PROGRAM

- a. The water system has an adequate preventive and corrective maintenance program to identify, schedule, perform and record the work performed.

Please provide a copy of the preventive maintenance procedure. Provide also a copy of the scheduled the preventive maintenance. (40 points)

- b. There is an adequate infrastructure replacement plan which includes an estimate of the major components which could wear out over time and plans for the replacement of the major components.

Please provide a copy of the infrastructure replacement plan. (40 points)

- c. The water system has an adequate cross-connection control and backflow prevention program including an accurate inventory of backflow prevention devices.

Please provide a copy of the cross-connection and backflow prevention procedures. An inventory of backflow prevention devices installed or needs to be installed should also be provided. (40 points)

(5) TRAINING

- a. Operators received training on drinking water regulations which apply to the water system.

Please provide a summary of the training the operators received. The number of training hours should also be provided. (15 points)

- b. There is an adequate operator training program to qualify new operators and to educate existing water system operators through classes, on-the-job training and periodic refresher training.

Please provide a summary of the training the operators received. The number of training hours should also be provided. (30 points)

- c. Water system personnel received safety training on hazards applicable to their jobs.

Please provide a summary of the training the operators received. The number of training hours should also be provided. (30 points)

- d. The water system should have a program which identifies the responsibilities, qualifications, and training requirements of operations personnel. The program also provides the needed training.

Please provide the procedure or policy establishing the responsibilities, qualifications and training requirements of the operations personnel. (30 points)

(6) ACTUAL PERFORMANCE

- a. The water system has demonstrated adequate technical performance as shown by the actual or planned actions to achieve compliance with national and state primary drinking water requirements and any applicable permit requirements.

Please attach documentation on how the water system has or will achieve compliance to the state primary drinking water requirements. (40 points)

NOTE: ADDITIONAL MATERIAL MAY BE SUBMITTED TO SUPPLEMENT THE CAPACITY DEMONSTRATION.

TOTAL POINTS AVAILABLE FOR TECHNICAL CAPACITY - 635

TOTAL POINTS ASSIGNED _____

B. MANAGERIAL CAPACITY EVALUATION

MANAGERIAL CAPACITY is the ability of a water system to conduct its affairs in a manner enabling the system to achieve and maintain compliance with SDWA requirements. Managerial capacity refers to the system's institutional and administrative capabilities. It is demonstrated by the following:

(1) CLEAR ORGANIZATIONAL STRUCTURE AND COMMUNICATIONS

- a. The name, title, address and telephone number of the manager accountable for the water system's compliance to Federal and State regulations should be provided in writing to the SDWB.

Please submit the information requested by letter to the SDWB or provide documentation that the information has already been provided. (30 points)

- b. The water system has an organizational chart showing the working relationships between personnel, brief descriptions of the positions, and the primary responsibilities or duties of key personnel, including titles, telephone and fax numbers.

Please provide the organizational chart as described above. The chart must be approved by the owner or the owner's representative. (40 points)

- c. The use of a contractor to manage and/or operate the system is satisfactory, provided the contractor provides an organizational chart showing the organizational structure and other information required for water systems above.

Please provide the contractor's organizational chart as requested with the information required as stated in b. above. (40 points) If a contractor is not used, assign 40 points to the water system.

(2) CLEAR IDENTIFICATION OF WATER SYSTEM OWNERSHIP

- a. The legal name of the water system, the address, telephone number and fax numbers of the water system's legal owner(s) and if

applicable, the legal name, address, telephone and fax numbers of the contractor hired to manage and operate the public water system were provided to the SDWB.

Please submit the information requested by letter or provide documentation that the information has already been provided. (30 points)

- b. The water system owns the land the infrastructure is to be built on, or has obtained leases, easements, or right of use of the property and access agreements.

Please provide documentation or a letter attesting that the water system owns the land, or has obtained leases, easements or right of use and access agreements. The letter must be signed by the owner or the owner's representative. (30 points)

(3) ADEQUATE EMERGENCY RESPONSE PLAN

- a. The written emergency response plan for the water system is adequate. The plan includes plausible emergencies, abatement actions, specific responsibilities of key individuals and public notification procedures.

Please provide a copy of the water system's emergency response plan. (40 points)

(4) QUALIFIED MANAGEMENT

- a. The manager and other key personnel should have adequate qualifications, which include training, education and work experience in managing and operating public water systems.

Please provide a summary of the manager and other key personnel's qualifications, including training, education, and work experience. (40 points)

- b. The water system should have an adequate program to provide continuous training for managers to maintain knowledge and to keep up to date of new requirements which could affect their water system's operation.

Please provide a description on how the manager will maintain knowledge and be kept up to date on new material affecting water systems. (30 points)

(5) ADEQUATE INTERNAL POLICIES

- a. The water system has a policy to review and approve infrastructure changes which could alter the licensed professional engineer's certification of the final as-built engineering plans and specifications.

Please provide a copy of the policy to review and approve changes to the water system which could affect the engineer's certification. (30 points)

- b. The water system should have policies for keeping the regulatory agencies informed of the monitoring results, monitoring problems and violations, and information on problems which could affect the delivery of potable water.

Please provide a copy of the policy or procedure which implements this attribute. (30 points)

- c. The water system should have a policy to inform customers or water users about the quality of water as necessary. The system should be able to distribute necessary information quickly.

Please provide a copy of the policy. A summary of how information will be distributed quickly should also be provided. (40 points)

- d. The system should have procedures for filing, record keeping, tracking regulatory compliance and implementation of drinking water programs.

Please provide a copy of the procedure(s) to accomplish this attribute. (30 points)

- e. There is a policy to seek information in a timely manner and use the information to adjust policies, plans and programs appropriately.

Please provide a copy of the policy or procedure to implement this attribute. (30 points)

(6) EFFECTIVE EXTERNAL LINKAGES

- a. The water system should have a method or process to communicate to customers (e.g., Rules of Operation), the responsibilities of each customer and the water system.

Please provide a copy of the method or process to implement this attribute. (40 points)

- b. Interface between the water system and the SDWB should indicate that communication between the water system personnel and the SDWB personnel are effective.

Please provide a copy of the policy or provide a short summary on how the water system will keep communications open. (20 points)

(7) CONSTRUCTION STANDARDS

- a. The water system should have design and construction standards for public water system modifications, repairs and expansion, along with internal review and inspection procedures for such work.

Please provide a copy of the design and construction standard along with procedures to perform internal reviews and inspection procedures. (30 points)

NOTE: ADDITIONAL INFORMATION MAY BE SUBMITTED TO SUPPLEMENT THE CAPACITY DEMONSTRATION.

TOTAL POINTS AVAILABLE FOR MANAGERIAL CAPACITY - 530.

TOTAL POINTS ASSIGNED _____

4. FINANCIAL CAPACITY EVALUATION

- A. FINANCIAL CAPACITY is a water system's ability to acquire and manage sufficient financial resources to allow the system to achieve and maintain compliance with SDWA requirements. It is demonstrated by the following:

Please identify documents considered business sensitive and annotate that the documents are the property of the water system. The State will return the documents within 30 days of completing the review.

(1) REVENUE SUFFICIENCY

- a. The water system has a business plan or other revenue projection which indicates that the water system will generate sufficient revenue or will receive sufficient funds from its parent organization to cover the annual operating expenses over the next 5 years.

Please provide copies of the business plan or other financial document indicating the projected income over the first five years of operation. (50 points)

- b. As part of the operating cost, the water system has a reserve fund for significant emergency repairs (e.g., failure of a well pump) and an account for maintenance of major components (e.g., repair or replacement) to keep the water system operating continuously.

Please provide the information on the reserve fund, including the emergency repairs covered by this fund, the size of the fund, and source of funds to replace the money spent. (50 points)

- c. The water system has a capital improvement plan with cost estimates and funds are identified to finance the improvements for future development and for repaying loans.

Please provide a copy of the water system's capital improvement plan with details as requested above. (40 points)

- d. The system maintains detailed financial records which clearly identifies all sources of income and all expenses involved in

operating the public water system.

Please provide copies of the financial records with details as requested above. (40 points)

(2). ADEQUATE SAFEGUARDS FOR FINANCIAL ASSETS

- a. The water system has adequate budget controls including periodic performance reviews of actual expenditures against the annual budget. Procedures to safeguard the financial assets are also available.

Please provide a copy of the procedures to safeguard the financial assets of the water system. The water system should also provide a copy of the policy to perform reviews of the actual fund expenditures against the budget. (30 points)

(3). ADEQUATE FISCAL CONTROL

- a. Record keeping procedures have been established which require providing an annual financial report or other similar document identifying all sources of revenue, operating expenses, and the assets and liabilities of the water system. The information in the annual audited financial statement provided to the PUC (if system is regulated by the PUC) will meet this requirement.

Please provide a copy of the record keeping procedures and a copy of the financial report if available. (40 points)

- b. The water system has annual budgets which are prepared and approved by the water system's owner or its duly authorized representative for operating the public water system.

Please provide a copy of the policy which requires an annual budget and a copy of an annual budget if available. (40 points)

(4). CREDIT WORTHINESS

- a. Credit reports are available which indicate that the water system or owner(s) are financially healthy and credit worthy.

DRAFT

Please provide a copy of credit reports or other documentation available on the financial health of the owner(s) of the water system. (40 points)

NOTE: ADDITIONAL INFORMATION MAY BE SUBMITTED TO SUPPLEMENT THE CAPACITY DEMONSTRATION.

TOTAL AVAILABLE POINTS FOR FINANCIAL CAPACITY - 330.

TOTAL POINTS ASSIGNED _____

On a case basis, the SDWB will obtain assistance if needed, from the Grants Management Section of the Waste Water Branch or the Public Utilities Commission.

EVALUATION RESULTS

NAME OF WATER SYSTEM _____ PWS NUMBER _____

A score of 70 percent or more of the total points available in each capacity category is required to obtain a grade of SATISFACTORY. A water system scoring less than 70 percent of the total points in any capacity category will be graded NEEDS ASSISTANCE, and will not be granted a certification to begin operation, until subsequent improvement actions upgrades the system's capacity to SATISFACTORY.

Circle the appropriate grade, SATISFACTORY or NEEDS ASSISTANCE below.

EVALUATION OF CAPACITY

TECHNICAL _____	(POINTS) _____	(635 - 445) SATISFACTORY	(less than 445) NEEDS ASSISTANCE
MANAGERIAL _____		(530 - 371) SATISFACTORY	(less than 371) NEEDS ASSISTANCE
FINANCIAL _____		(330 - 231) SATISFACTORY	(less than 231) NEEDS ASSISTANCE

EVALUATION PERFORMED BY: _____ DATE _____
_____ DATE _____
_____ DATE _____

APPENDIX E

PRIORITY SYSTEM POLICIES

SAFE DRINKING WATER BRANCH
HAWAII DEPARTMENT OF HEALTH

PRIORITY SYSTEM POLICIES

I. GENERAL POLICY

The State priority system describes the criteria and method used to classify or rank drinking water facilities projects considered eligible for DWSRF assistance. It is the policy of the Department of Health (DOH) to give high priority to projects which will

- 1) Correct acute health problems;
- 2) Correct chronic health problems;
- 3) Meet other public health criteria; and
- 4) Assist systems most in need, on a per household basis.

These four categories are listed in order of their overall importance and hence, the points generally assigned. For instance, a project which addresses an immediate or acute health problem will be scored higher than another project directed at a chronic health problem. The third point category provides consideration to be given to other important factors, including incentive type points for systems which initiate sound water management practices that are protective of public health. The DOH ranking criteria assigns points for the first three categories, while last item, financial need, will be used only in the event of a tied ranking between two or more projects which are all ready to proceed.

Requests to refinance existing debt for completed projects will be considered only after all current construction projects addressing public health protection and compliance have been funded. A completed project is a facility that has been accepted from the contractor or is already in use. In general, these projects have already incurred all construction costs and when proposed for a DWSRF loan, they will be rated as a refinance project.

The DOH rating criteria is applied to refinance requests in the same way that other projects are ranked to come up with a subtotal. The final score, which is used for the purpose of ranking projects on the priority list, is obtained by adjusting (divide by 1,000) the refinance project's subtotal. This approach eliminates the need for maintaining a separate list or rating system criteria for requests to refinance existing debt as all current construction projects will be ranked higher, while

the relative rank of projects for refinancing will still be consistent with the DOH rating criteria.

Upon completion of the proposed DWSRF project priority/needs list, DOH will use it to prepare the Intended use Plan (IUP). DOH will provide a public notice to solicit comments and encourage public participation. DOH will consider all public comments to the IUP and will make revisions, as necessary. The final IUP will be sent to Applicants and EPA.

II. PROJECT PRIORITY/NEEDS LIST DEVELOPMENT

The determination of project priority is a straightforward process. Projects are ranked by the total points accumulated according to the rating criteria. Each proposed project is ranked against all other projects competing for funds, including those projects which are already completed and are being considered to refinance existing debt.

The SDWA amendments of 1996 require that 15% of the moneys available for funding projects each fiscal year must go to public water systems that serve a population of less than 10,000 (small systems). Thus, the highest ranking small water system projects that will be ready to proceed in that fiscal year will be selected to satisfy the minimum 15% level. Once the 15% allotment has been committed, project selection for the remaining DWSRF funds will then follow the priority list, without consideration to the population served by the public water system. In the event that there are not enough projects to meet this criteria and are ready to proceed with construction, DOH will make this portion of the funds available to all other public water systems. This will ensure that funds are allocated as expeditiously as possible and are efficiently utilized.

It is important to point out that any project considered for funding must be listed on the current Project Priority List. The only exceptions that can be made are for emergency projects in response to natural disasters such as hurricanes and floods. No funding commitment will be made to a project until all of the environmental review and financial requirements have been met, unless commitments are necessary to obligate funds within the time limit specified in the SDWA.

In the event of a tie between two or more projects which are all ready to proceed, the tie will be broken through the evaluation of the affected population's Median Household Income and the percentage below the poverty level. If this evaluation cannot clearly determine which project will serve the population of greatest financial need, on a per household basis, then the project(s) will be selected as follows:

- a) If some or all of the projects with equal ranking, are for small, public water systems, serving less than 10,000 persons, then the system serving the smaller population will be selected first.
- b) If all of the projects with equal ranking, are for public water systems, serving 10,000 or more persons, then the system serving the largest population will be selected first.

III. PRIORITY/NEEDS LIST MANAGEMENT

DOH will maintain as stable a priority/needs list as possible to ensure funding availability for the top ranked projects on the list. Additions or modifications which will significantly alter the list after its adoption will not be made unless it is absolutely necessary.

If additional DWSRF funds become available during the year, projects will be chosen from the priority/needs list by their ranking. Projects on the priority/needs list may be "bypassed" if the project will not be ready to proceed with construction in a timely manner, i.e., within the target date specified on the priority list. A bypassed project will be replaced by the next highest ranked project(s) on the list that is ready to proceed during the current funding year. This "bypass process" is necessary to ensure that the available funds will be disbursed in a timely manner.

In response to comments provided EPA Headquarters, emergency projects in response to natural disasters such as hurricanes and floods will be addressed as a "bypass procedure". These projects will be given the highest funding priority ahead of all other projects on the priority list. They will also be assigned a score according the rating criteria to facilitate the selection of competing projects resulting from natural disasters.

Large projects may be segmented for funding if desired. The feasibility of this action should be discussed with DOH.

**TIMELINE OF CRITICAL DATES
FOR THE PRIORITY LIST PROCESS**

February 1:

DOH asks Applicant to submit list of projects to be included in the priority list and intended use plan (IUP)

March 1:

Applicant submits list of projects to be included in the priority list and IUP

April 15:

DOH prepares draft priority list and IUP, and publishes public notice; also DOH sends draft priority list and IUP to EPA

April 15 to June 1:

45-day public notice period

June 15:

DOH finalizes priority list and IUP

June 30:

DOH and EPA negotiate capitalization grant agreement, based in part on the IUP

July 1 to July 31:

DOH makes any required changes to the application or IUP

August 1:

Deadline for submitting capitalization grant application to EPA

October 15:

EPA issues capitalization grant

APPENDIX F

PROJECT REPORT CRITERIA

SAFE DRINKING WATER BRANCH
HAWAII DEPARTMENT OF HEALTH

PROJECT REPORT CRITERIA

The project Report should describe the scope of the project and contain as much information necessary to address the following criteria:

1. A statement of the project needs and benefits, including a discussion of the water quality benefits and/or public health problems to be corrected.
2. A description of the proposed drinking water facilities project and the public water system of which it is a part.
3. An evaluation of the alternatives considered to address the project needs.
4. A description of the selected alternative and the relevant design criteria used.
5. Cost information on the estimated total capital costs and annual operation and maintenance costs for the project.

Wherever possible, the applicant should utilize existing information already developed for the project's Environmental Assessment documents. Additional information may also be obtained through the engineering report required by the Surface Water Treatment Rule Administrative Manual (section III.A.1) for all proposed or existing surface water treatment plants.

APPENDIX G

ENVIRONMENTAL ASSESSMENT DOCUMENTS CRITERIA

**SAFE DRINKING WATER BRANCH
HAWAII DEPARTMENT OF HEALTH**

ENVIRONMENTAL ASSESSMENT DOCUMENTS CRITERIA

The Environmental Assessment Documents (EAD) submitted for any SRF project will address the following criteria:

A. OEQC CRITERIA:

A current Environmental Assessment (EA) of the proposed project which meets the requirements of HAR 11-200-10. (For guidance, see OEQC Guidebook, Chapter 4, Preparing an Environmental Assessment).

B. SERP CRITERIA:

The Environmental Assessment should also address the following areas to meet SERP requirements:

1. Population projections shall conform to or be derived from the latest population projection series developed by the State Department of Business, Economic Development and Tourism (DBEDT).
2. A range of feasible alternatives shall be considered to include the "no action" alternative.
3. The analysis of alternatives and impacts shall include:
 - a. the primary and secondary (direct and indirect) impacts for all feasible alternatives (to include the "no action" alternative);
 - b. the impacts on social parameters such as land use, recreation and open-space opportunities;
 - c. the cumulative impacts such as anticipated community growth (residential, commercial, institutional, and industrial) within the project and study area;
 - d. the impacts on other anticipated public works projects (if any) and the planned coordination with them; and
 - e. the impacts on any individual sensitive

environmental issues that have been identified through the public participation program.

C. CROSS-CUTTING AUTHORITIES:

For all projects, the EA must also address the impacts of the proposed project on other environmental Federal "cross-cutting" authorities to include the:

1. Archeological and Historic Preservation Act of 1974 (16 U.S.C. § 469a-1)
2. Clean Air Act (42 U.S.C. § 7401)
3. Coastal Zone Management Act (16 U.S.C. § 1451)
4. Endangered Species Act (16 U.S.C. 1531)
5. Environmental Justice (Executive Order 12898)
6. Farmland Protection Policy Act (7 U.S.C. § 4201)
7. Fish and Wildlife Coordination Act (16 U.S.C. § 661)
8. Floodplain Management (Executive Order 11988, as amended by Executive Order 12148)
9. National Historic Preservation Act (16 U.S.C. § 470)
10. Protection of Wetlands (Executive Order 11990, as amended by Executive Order 12608)
11. Safe Drinking Water Act (42 U.S.C. § 300f)
12. Wild and Scenic Rivers Act (16 U.S.C. § 1271)
13. Essential Fish Habitat Consultation Process Under The Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. § 1801)

D. PRIOR-DECISION DOCUMENTS:

Prior-decision documents (EA, EIS, FNSI, Reaffirmations, Negative Declarations) may be submitted. (Documents older than five years must be reaffirmed by the Applicant.) These documents may include the proposed project as part of a larger "parent" project.

Any prior-decision document submitted must contain information applicable and pertinent to the proposed project, and have logical relevancy to and bearing on the action being proposed. In particular, the scope of the proposed project must be substantially similar to the project identified in the prior decision document. All prior-decision documents must be re-evaluated by the County as outlined in Appendix H (SERP).

When prior-decision documents are submitted, an evaluation of the current environmental impacts of the proposed project must be conducted. New impacts not addressed in the prior-decision documents must be addressed in the current EA. If

it is determined there are no new impacts, then the current EA need not be an extensive document.

E. EA CHECKLIST AND CERTIFICATION FORM:

The applicant must complete and sign the attached EA Checklist and Certification form for each proposed project.

F. EXEMPT PROJECTS CERTIFICATION FORM:

For any exempt project, the applicant must complete and sign the attached Exempt Projects Certification Form

**SAFE DRINKING WATER BRANCH
HAWAII DEPARTMENT OF HEALTH**

**ENVIRONMENTAL ASSESSMENT
CHECKLIST AND CERTIFICATION**

PROJECT NAME: _____

PROJECT NUMBER: _____
(Applicant) (State)

=====

	YES	NO
--	-----	----

=====

ENVIR. ASSESSMENT SUBMITTED: -----

PRIOR DECISION DOC'T SUBMITTED: -----

A. OEQC CRITERIA ADDRESSED:

- (1) ID of applicant: -----
- (2) ID of approv agency: -----
- (3) Agencies consulted: -----
- (4) Descrip. of proj. char: -----
- (5) Descrip. of envir: -----
- (6) Impacts and alternatives: -----
- (7) Mitigation measures: -----
- (8) Determination: -----
- (9) Findings and reasons: -----

B. SERP CRITERIA ADDRESSED:

- 1. Population projections current: -----
- 2. "No-action" alternative: -----

- 3. Impacts analysis addresses:
 - a. prim & sec impacts: -----
 - b. social parameters: -----
 - c. cumulative impacts: -----
 - d. other projects: -----
 - e. sensitive issues: -----

C. CROSS CUTTERS ADDRESSED:

- 1. Arch & Hist Pres Act: -----
- 2. Clean Air Act: -----
- 3. Coastal Zone Mang. Act: -----
- 4. Endangered Spec Act: -----
- 5. Environmental Justice Act: -----
- 6. Farmland Prot Act: -----
- 7. Fish & Wildlife Act: -----
- 8. Floodplain Mang EO: -----
- 9. Nat Hist Pres Act: -----
- 10. Prot of Wetlands EO -----
- 11. Safe Drink Water Act: -----
- 12. Wild & Scenic Rivers Act: -----
- 13. Essential Fish Habitat Act: -----

CERTIFICATION: (County certifies that it has conducted a current assessment of the environmental impacts of the proposed project, and has disclosed, in the Environmental Assessment Documents referred to in this checklist, all known significant environmental impacts of the proposed project.)

Signature Title Date

**SAFE DRINKING WATER BRANCH
HAWAII DEPARTMENT OF HEALTH**

EXEMPT PROJECT CERTIFICATION

(To be completed by the Applicant if applicable)

PROJECT NAME: _____

PROJECT NUMBER: _____
(Applicant) (State)

=====
Exemption List information as reviewed and concurred upon by the
Environmental Council:

Exemption List for: _____
(County)

Exemption List date: _____
(Date)

Exemption Class No.: (Number and Description)

Specific Class Item No.: (Number and Description)

Brief description of the project:

=====
CERTIFICATION: (Applicant certifies that is has conducted a
current assessment if the environmental impacts of the proposed
project, and has determined that the project is consistent with
the Exemption Class as noted above.)

Signature

Title

Date

APPENDIX H

STATE ENVIRONMENTAL REVIEW PROCESS (SERP)

**SAFE DRINKING WATER BRANCH
HAWAII DEPARTMENT OF HEALTH**

**STATE ENVIRONMENTAL REVIEW PROCESS (SERP)
FOR DWSRF PROJECTS**

1. For all projects, the Applicant will comply with the environmental review process as defined by HRS Chapter 343 and HAR Chapter 11-200. For guidance, the Applicant should refer to A Guidebook for the Hawaii State Environmental Review Process, August, 1992, as prepared by the Hawaii Office of Environmental Quality Control (OEQC).

The Applicant shall also address the SERP Criteria and the impact of the project on other Federal "cross-cutting" authorities as found in Appendix G (Environmental Assessment Documents Criteria).

2. The Applicant will provide a copy of the Environmental Assessment (and any prior-decision documents and reaffirmations) to the Department of Health no later than the day the Applicant provides those documents to the OEQC.
3. The Applicant will provide a copy of the Notice of Determination to the Department of Health no later than the day the Applicant provides that document to the OEQC.
4. The Applicant will provide a copy of the Environmental Impact Statement (EIS) or the Negative Declaration (NEGDEC) to the Department of Health no later than the day the Applicant provides those documents to the OEQC.
5. To encourage public participation in all projects, the Applicant must give public notice of all environmental assessment determinations either in the community newspaper or in the OEQC newsletter. For projects whose environmental documents were developed within the past five years, the notice within the OEQC newsletter is an acceptable public notice. However, this public notice shall not change any deadline for public comment or lawsuits under the procedures specified in HRS Chapter 343 or HAR Chapter 11-200. For any EIS, the Applicant must hold a public meeting for the project.
6. The SERP will be documented by the use of DOH review forms. At the completion of the review process, the DOH will send the Planning Documents approval letter to the Applicant to delineate any deficiencies, explain any mitigation measures

which will be included as special conditions on the loan agreement, and approve all of the project planning documents.

7. The DOH reserves the right to refuse any DWSRF loan to any Applicant if, for any reason, it feels that the proposed project has the potential to impact on the environment in ways that the Applicant has not considered or has not prepared mitigation measures for.

APPENDIX I

ALLOWABLE COST CRITERIA &

DESIGN ALLOWANCE TABLE

**SAFE DRINKING WATER BRANCH
HAWAII DEPARTMENT OF HEALTH**

ALLOWABLE COST CRITERIA

- A. During the Plans and Specifications review, project cost items will be assessed for allowability. In order to be considered allowable, all costs must meet the criteria listed below.
1. Be necessary and reasonable for the proper and efficient administration of the loan project, be allocable to the project, and not be a general expense required to carry out the overall responsibilities of the applicant.
 2. Be authorized or not prohibited under State or County law, regulations or ordinances.
 3. Be consistent with policies, regulations and procedures that apply to both federal or state activities.
 4. Be accorded consistent treatment through the application of generally accepted accounting principles appropriate to the circumstances.
 5. Not be allocable to, or included as, a cost of any other federal or state financed program.
- B. Unallowable costs are those which do not meet the general criteria listed above. For example:
1. Costs outside the scope of the approved project.
 2. Costs caused by the applicant's mismanagement.
 3. Costs caused by the applicant's vicarious liability for the improper actions of others.
 4. Bonus payments, not legally required, for completion of a project before a contractual completion date.
 5. Additional costs (e.g., building, engineering, legal, or administrative) incurred because of a contractor's lack of timely performance. These costs are assumed to be offset by liquidated damages, even in the event the

applicant elects not to exercise its right to recover liquidated damages, or the liquidated damages are insufficient to cover the applicant's additional costs.

6. Costs to provide additional professional liability insurance for a specific project, beyond that which is normally carried by a contractor.
7. Costs of local travel and commuting expenses between living quarters and the construction site for persons employed by either the applicant or the contractor.
8. Costs of land acquisition (including associated legal, administrative and engineering costs) of sewer rights-of-way, waste treatment plant sites (including small system sites), sanitary landfill sites and sludge disposal areas. However, the cost of land that will be an integral part of the treatment process or pollution control project or that will be used for the ultimate disposal of residues resulting from such treatment or pollution control may be allowable. Land acquisition costs necessary to comply with the requirements of the Uniform Relocation and Real Property Acquisition Policies Act of 1970, as implemented by EPA under 40 CFR Part 4, also may be allowable.
9. Ordinary operating expenses of the applicant including salaries and expenses of elected and appointed officials and preparation of routine financial reports and studies.
10. Administrative, engineering and legal activities associated with the establishment of special departments, agencies, commissions, regions, districts or other units of government.
11. Costs of approval, preparation, issuance and sale of bonds or other forms of indebtedness required to finance the project and the interest on them.
12. Personal injury compensation or damages arising out of the project.
13. Fines and penalties due to violations of, or failure to comply with, federal, state or local laws, regulations or procedures.

14. Travel not directly related to a specific project, such as travel to professional meetings, symposia, technology transfer seminars, lectures, etc..
15. Costs of preparing a corrective action report for a project that does not meet the project performance standards.
16. Administrative costs of salaries, benefits, and expendable materials the applicant incurs for the project.
17. Construction costs incurred after the construction cut-off date.

DESIGN ALLOWANCE TABLE

To calculate the design allowance, multiply the estimated eligible construction cost by the design allowance percentage. (Interpolate between design allowance values, based on the specific estimated eligible construction cost.)

Estimated Eligible Construction Cost	Allowance (%)
\$ 100,000 or less	8.5683
120,000	8.3808
150,000	8.1570
175,000	8.0059
200,000	7.8772
250,000	7.6668
300,000	7.4991
350,000	7.3602
400,000	7.2419
500,000	7.0485
600,000	6.8943
700,000	6.7666
800,000	6.6578
900,000	6.5634
1,000,000	6.4300
1,200,000	6.3383
1,500,000	6.1690
1,750,000	6.0547
2,000,000	5.9574
2,500,000	5.7983
3,000,000	5.6714
3,500,000	5.5664
4,000,000	5.4769
5,000,000	5.3306
6,000,000	5.2140
7,000,000	5.1174
8,000,000	5.0352
9,000,000	4.9637
10,000,000	4.9007
12,000,000	4.7935
15,000,000	4.6655
17,500,000	4.5790
20,000,000	4.5054
25,000,000	4.3851
30,000,000	4.2892

APPENDIX J

LOAN APPLICATION (Sample)

**APPLICATION FOR STATE REVOLVING FUND LOAN
for the Construction of Drinking Water Facilities**

A completed application must be submitted for each proposed project. If any information requested in this application was previously submitted for a prior loan or grant project, please indicate the project number in the space provided. Provide supporting documentation or additional pages as appropriate.

I. ORGANIZATIONAL DATA

Applicant Name: _____

Address:

Contact person: _____

Telephone number: _____

II. PROJECT NAME AND DESCRIPTION

Project Name: _____

Description:

Need for Project:

III. PROJECT COSTS

Attach the engineer's estimate of total project costs, if it differs from the estimate submitted with the planning and design documents.

_____ Estimated Total Project Costs
Proposed method of financing:
_____ SRF Loan Requested
Amount and source of all other revenue:

IV. PROJECT SCHEDULE DATES

_____ Advertise for construction bids
_____ Open construction bids
_____ Negotiate A/E agreement(s)
_____ Award construction and/or A/E contracts
_____ Issue Notice to Proceed
_____ Complete construction

V. RELATED PROJECTS

List all related projects which must be constructed in order to fully utilize the subject project. Also, list the anticipated dates these projects will be constructed.

VI. REQUIRED DOCUMENTS AND FORMS Note: Documents and forms **MUST** be completed and submitted to DOH before the execution of the final agreement.

1. If completed, attach the documents listed below.
 - a. A written approval by the Board or Commission which authorizes the SRF loan application and identifies the dedicated source(s) of revenue (i.e., general obligation with full credit) which will fund the project and repayment of the loan with interest.
 - b. An opinion signed by a competent title counsel describing the interest the applicant has in the site, including information about any easements and right-of-ways, and certifying that interest is legal and valid. The opinion should also include information as to whether or not:
 - 1) The applicant (or the present owner if fee simple title has not been, or is not to be, acquired) has good and valid title to the entire site (excluding easements and right-of-ways) free and clear of any pre-existing mortgages, deeds of trust, liens, or other encumbrances which would affect the value or site usefulness for the purpose intended;
 - 2) Any deeds or documents required to be recorded have been duly recorded or filed for record, whenever necessary, in order to protect the title of the owner and the interest of the applicant; and,
 - 3) The applicant has complied with the 1970 Uniform Relocation Assistance and Real Property Acquisition Policies Act, if necessary.
 - d. Any inter-governmental or County-private agreements relative to this project.
- *2. For federally-funded projects, complete the attached forms:
 - *a. Compliance Report, (EPA form 4700-4); and,
 - *b. Applicant's Certification Regarding Debarment, Suspension, and Other Responsibility Matter (EPA form 5700-49).

VII. ASSURANCES

The applicant certifies that _____
(name of legal entity)

1. Has the legal, institutional, managerial and financial capability to ensure adequate construction, and operation and maintenance (including replacement) of the drinking water treatment works, and has analyzed the local share of the costs of the proposed drinking water treatment facilities, including the financial impact on each community and the residents of the service areas; and,
2. Will operate and maintain the publicly-owned treatment works in accordance with the minimum standards as required by the cognizant Federal, State and local agencies for the operation and maintenance of such facilities; and,
3. Will initiate procurement action for A/E and/or construction services for building all significant elements of the project in accordance with the project schedule indicated in this application and approved by DOH upon issuance of the loan agreement; and,
4. Will diligently pursue project completion in accordance with the project schedule submitted herewith; and,
5. Will give the State of Hawaii or its assignees, through any authorized representative, access and the right to examine all records, books, papers, or documents related to the loan; and will retain all construction records for three years following the project initiation of operation; and,
6. Will maintain a financial accounting system in accordance with the generally accepted accounting principles set forth by the Governmental Accounting Standards Board; and,
7. Will not dispose of, or modify the use of or change the real property title terms or other interest in the site and facilities without permission and instructions from DOH; and,
8. Will establish safeguards to prohibit employees from using their positions for purposes that constitute or give the appearance of personal or organizational conflict of interest; and,
9. Has not and will not violate any Federal, State, or local law pertaining to fraud, bribery, graft or collusion; and,
10. Will provide and maintain competent and adequate engineering

supervision and inspection at the construction sites to ensure that the completed work conforms with the approved plans and specifications and will furnish progress reports and such other information as DOH may require; and,

11. Will comply with all applicable federal and state requirements, including all other laws, regulations, policies, applicable requirements and conditions relating to assistance for this project.
12. The applicant must certify that it will comply with the following federal "cross-cutting" authorities, including the Single Audit of 1984 (PL 98-502).

*a. Environmental Authorities

- *1) Archeological and Historic Preservation Act (16 USC 469a-1)
- *2) Clean Air Act (42 USC 7401)
- *3) Coastal Zone Management Act (16 USC 1451)
- *4) Endangered Species Act (16 USC 1531)
- *5) Environmental Justice (EO 12898)
- *6) Farmland Protection Policy Act (7 USC 4201)
- *7) Fish and Wildlife Coordination Act (16 USC 661)
- *8) Floodplain Management (EO 11988, as amended by EO 12148)
- *9) National Historic Preservation Act (16 USC 470)
- *10) Protection of Wetlands (EO 11990, as amended by EO 12608)
- *11) Safe Drinking Water Act (42 USC 300f)
- *12) Wild and Scenic Rivers Act (16 USC 1671)
- *13) Essential Fish Habitat Consultation Process under the Magnuson-Stevens Fishery Conservation and Management Act (16 USC 1801)

*b. Economic Policy Authorities

- *1) Administration of the Clean Air Act and the Water

Pollution Control Act with Respect to Federal
Contracts or Loans (EO 11738)

- *2) Demonstration Cities and Metropolitan Development
Act (42 USC 3331)
- *3) Procurement Prohibitions (EO 11738, Sections 306
and 508 of the Clean Air Act)

*c. Social Policy Authorities

- *1) Age Discrimination Act of 1975 (42 USC 6102)
- *2) Civil Rights Act of 1964, Title VI (42 USC 2000d)
- *3) Equal Employment Opportunity (EO 11246, as
amended)
- *4) Promoting the Use of Minority and Women-owned
Businesses (EO 11625, 12138 and 12432)
- *5) Rehabilitation Act of 1973 (29 USC 794)
- *6) Small Business Administration Reauthorization and
Amendment Act of 1998 (PL 100-590, Section 129)
- *7) Department of Veterans Affairs and Housing and
Urban Development, and Agencies Appropriations
Act, 1993 (PL 102-389)

*d. Miscellaneous Authorities

- *1) Debarment and Suspension (EO 12549)
- *2) Uniform Relocation Assistance and Real Property
Acquisition Act (PL 91-646, as amended 42 USC
4601-4655)
- *3) Preservation of Open Competition and Government
Neutrality Towards Contractor's Labor Relations on
Federal and Federally Funded Construction Projects
(EO 13202, as amended by EO 13208)

CERTIFICATION

To the best of my knowledge: the data in this application is true and correct, the document has been duly authorized by the governing body of the applicant and the applicant will comply with the assurances, if the assistance is approved.

Legal Entity	Name and Title of Authorized Representative
--------------	---

Signature of Authorized Representative
--

Date



**United States Environmental Protection Agency
Washington, DC 20460**

**Preaward Compliance Review Report For
All Applicants Requesting Federal Financial Assistance**

**FORM Approved
OMB No. 2090-0014**

Note: Read instructions on reverse side before completing form.

I. A. Applicant (Name, City, State)	B. Recipient (Name, City, State)	C. EPA Project No.
-------------------------------------	----------------------------------	--------------------

II. Brief description of proposed project, program or activity.

III. Are any civil rights lawsuits or complaints pending against applicant and/or recipient?
If "Yes," list those complaints and the disposition of each complaint. Yes No

IV. Have any civil rights compliance reviews of the applicant and/or recipient been conducted by any Federal agency during the two years prior to this application for activities which would receive EPA assistance?
If "Yes," list those compliance reviews and status of each review. Yes No

V. Is any other Federal financial assistance being applied for or is any other Federal financial assistance being applied to any portion of this project, program or activity?
If "Yes," list the other Federal Agency(s), describe the associated work and the dollar amount of assistance. Yes No

VI. If entire community under the applicant's jurisdiction is not served under the existing facilities/services, or will not be served under the proposed plan, give reasons why.

VII. Population Characteristics	Number of People
1.A. Population of Entire Service Area	
B. Minority Population of Entire Service Area	
2.A. Population Currently Being Served	
B. Minority Population Currently Being Served	
3.A. Population to be Served by Project, Program or Activity	
B. Minority Population to be Served by Project, Program or Activity	
4.A. Population to Remain Without Service	
B. Minority Population to Remain Without Service	

VIII. Will all new facilities or alterations to existing facilities financed by these funds be designed and constructed to be readily accessible to and usable by handicapped persons?
If "No," explain how a regulatory exception (40 CFR 7.70) applies. Yes No

IX. Give the schedule for future projects, programs or activities (or of future plans), by which service will be provided to all beneficiaries within applicant's jurisdiction. If there is no schedule, explain why.

X. I certify that the statements I have made on this form and all attachments thereto are true, accurate and complete. I acknowledge that any knowingly false or misleading statement may be punishable by fine or imprisonment or both under applicable law.

A. Signature of Authorized Official	B. Title of Authorized Official	C. Date
-------------------------------------	---------------------------------	---------

For the U.S. Environmental Protection Agency

<input type="checkbox"/> Approved <input type="checkbox"/> Disapproved	Authorized EPA Official	Date
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Instructions General

Recipients of Federal financial assistance from the U.S. Environmental Protection Agency must comply with the following statutes.

Title VI of the Civil Rights Act of 1964 provides that no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. The Act goes on to explain that the title shall not be construed to authorize action with respect to any employment practice of any employer, employment agency, or labor organization (except where the primary objective of the Federal financial assistance is to provide employment).

Section 13 of the 1972 Amendments to the Federal Water Pollution Control Act provides that no person in the United States shall on the ground of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under the Federal Water Pollution Control Act, as amended. Employment discrimination on the basis of sex is prohibited in all such programs or activities.

Section 504 of the Rehabilitation Act of 1973 provides that no otherwise qualified handicapped individual shall solely by reason of handicap be excluded from participation in, be denied the benefit of, or be subjected to discrimination under any program or activity receiving Federal finance assistance. Employment discrimination on the basis of handicap is prohibited in all such programs or activities.

The Age Discrimination Act of 1975 provides that no person on the basis of age shall be excluded from participation under any program or activity receiving Federal financial assistance. Employment discrimination is not covered. Age discrimination in employment is prohibited by the Age Discrimination in Employment Act administered by the Equal Employment Opportunity Commission.

Title IX of the Education Amendments of 1972 provides that no person on the basis of sex shall be excluded from participation in, be denied the benefit of, or be subjected to discrimination under any education program or activity receiving Federal financial assistance. Employment discrimination on the basis of sex is prohibited in all such education programs or activities. Note: an education program or activity is not limited to only those conducted by a formal institution.

The information on this form is required to enable the U.S. Environmental Protection Agency to determine whether applicants and prospective recipients are developing projects, programs and activities on a nondiscriminatory basis as required by the above statutes.

Submit this form with the original and required copies of applications, requests for extensions, requests for increase of funds, etc. Updates of information are all that are required after the initial application submission.

If any item is not relevant to the project for which assistance is requested, write "NA" for "Not Applicable."

In the event applicant is uncertain about how to answer certain questions, EPA program officials should be contact for clarification.

EPA Form 4700-4 (Rev. 1/90) Reverse

ITEMS

- IA. "Applicant" means any entity that files an application or unsolicited proposal or otherwise requests EPA assistance.
- IB. "Recipient" means any entity, other than applicant, which will actually receive EPA assistance.
- IC. Self-explanatory.
- II. Self-explanatory.
- III. "Civil rights lawsuits" means any lawsuit or complaint alleging discrimination on the basis of race, color, national origin, sex, age or handicap pending against the applicant and/or entity which actually benefits from the grant. For example, if a city is the named applicant but the grant will actually benefit the Department of Sewage, civil rights lawsuits involving both the city and the Department of Sewage should be listed.
- IV. "Civil rights compliance review" means any review assessing the applicant's and/or recipient's compliance with laws prohibiting discrimination on the basis of race, color, national origin, sex, age or handicap. If any part of the review covered the entity which will actually benefit from the grant, it should be listed.
- V. Self-explanatory.
- VI. The word "community" refers to the area under the applicant's and/or recipient's jurisdiction. The "community" might be a university or laboratory campus, or a community within a large city. If there is a significant disparity between minority and nonminority populations to receive service, not otherwise satisfactorily explained, the Regional office may require a map which indicates the minority and nonminority population served by this project, program or activity.
- VII. This information is required so that reviewers may determine if a disparity in the proposed provision of services will exist in the event the application is approved for funding. Give population of recipient's jurisdiction, broken out by categories as specified.

In the event the applicant cannot provide the requested information because the funds will be distributed over a wide demographic area which is yet to be determined, an explanation may be provided on a separate sheet. For example, a State applying for a capitalization grant under the State Revolving Fund program may not know which cities and counties will apply for, and receive, SRF loans.
- VIII. Self-explanatory.
- IX. "Jurisdiction" means the geographical area over which applicant has the authority to provide service.
- X. Self-explanatory.

"Burden Disclosure Statement"

EPA estimates public reporting burden for the preparation of this form to average 30 minutes per response. This estimate includes the time for viewing instructions, gathering and maintaining the data needed and completing and reviewing the form. Send comments regarding the burden estimate, including suggestions for reducing this burden, to Chief, Information Policy Branch, PM-223, U.S. Environmental Protection Agency, 401 M Street, S.W., Washington, D.C. 20460; and to the office of information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20503.



EPA Project Control Number

United States Environmental Protection Agency
Washington, DC 20460

Certification Regarding Debarment, Suspension, and Other Responsibility Matters

The prospective participant certifies to the best of its knowledge and belief that it and its principals:

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
- (b) Have not within a three year period preceding this proposal been convicted of or had a civil judgement rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) Are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
- (d) Have not within a three-year period preceding this application/proposal and one or more public transactions (Federal, State, or local) terminated for cause or default.

I understand that a false statement on this certification may be grounds for rejection of this proposal or termination of the award. In addition, under 18 USC Sec. 1001, a false statement may result in a fine of up to \$10,000 or imprisonment for up to 5 years, or both.

Typed Name & Title of Authorized Representative

Signature of Authorized Representative

Date

† I am unable to certify to the above statements. My explanation is attached.

APPENDIX K

LOAN AGREEMENT (Sample)

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INTERIM AGREEMENT FOR STATE REVOLVING FUND LOAN
FOR THE CONSTRUCTION OF SAFE DRINKING WATER PROJECTS,
LOAN FROM STATE SAFE DRINKING WATER REVOLVING FUNDS

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Project Title: _____

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INTERIM
AGREEMENT FOR
STATE REVOLVING FUND LOAN
WITH THE _____ (specify BOARD)
FOR THE CONSTRUCTION OF SAFE DRINKING WATER PROJECTS
LOAN FROM STATE SAFE DRINKING WATER REVOLVING FUNDS
Project No. DW _____

Project Title: _____

THIS INTERIM AGREEMENT, made and entered into as of the
__ day of _____, _____, by and between the DIRECTOR OF THE
DEPARTMENT OF HEALTH, STATE OF HAWAII (hereinafter the
"DIRECTOR"), and the _____ (specify BOARD) (hereinafter the
"BOARD"), a semi-autonomous body of _____ (specify County), which is
a Hawaii municipality with principal offices at _____
_____, WITNESSES THAT:

WHEREAS, under to Section 340E-E, 1997 Haw. Sess. Laws
(Act 218/97), the DIRECTOR and his delegates are authorized to
make loans to municipalities for the construction of necessary
treatment works and for other projects intended for preventing
drinking water contaminations problems or water system
management;

WHEREAS, the BOARD has made an application for a loan
related to the construction of the **Project**, hereinafter
described, and said **Project** has been tentatively determined by
the DIRECTOR to be eligible for a loan, subject to meeting
certain conditions, pursuant to applicable federal and state

laws, rules, regulations, guidance, and the Operating Agreement for Activities and Functions in Managing the State Safe Drinking Water Revolving Fund (SDWRF) Program between the State of Hawaii and the United States Environmental Protection Agency, Region IX; and

WHEREAS, the DIRECTOR has conditionally authorized the loan funds for the **Project**;

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. DEFINITIONS Unless the context in this Agreement indicates another meaning, the following terms shall have the following meaning:

a. "Safe Drinking Water Act" means the Federal Safe Drinking Water Act of 1974, PL 92-523, as amended, Safe Drinking Water Act Amendments of 1986, P.L. 99-339, Lead Contamination Control Act of 1988, and Safe Drinking Water act Amendments of 1996, P.L. 104-182, and rules and regulations promulgated thereunder.

b. "Construction Cut-off Date" means the date the project is capable of initiating operations as determined by the DIRECTOR. The date determined by the DIRECTOR controls in case of conflict.

c. "Debt Services" means the amount of money necessary to pay interest and principal on an outstanding debt in accordance with the required contributions to a amortization schedule loan.

d. "Payment" means the loan funds paid to the BOARD based on the BOARD's SRF payment request.

e. "Project" means the activities or tasks concerning a safe drinking water facility described in the application and financed pursuant to this Agreement.

f. "Project Close-out" means the final actions taken by the DIRECTOR and the BOARD to assure satisfactory completion of project work and to fulfill administrative requirements; including financial settlement, submission of final audit resolution, and resolution of any outstanding issues under this Agreement.

g. "Repayment" means the loan funds paid by the BOARD to the DIRECTOR.

h. "Semiannual" means occurring every six months.

Words defined in this section will, hereinafter, be in bold print.

2. PROJECT DESCRIPTION The **Project**, _____, DW _____, consists of the construction of facilities to _____ as particularly described in the loan application of the BOARD.

3. ESTIMATED COST OF CONSTRUCTION The estimated cost

of the construction is _____
_____, (\$ _____),
and the estimated total eligible cost of the construction project
is _____,
(\$ _____). Pursuant to Section 1412 or Section 1452 (a)
(2) of the Safe Drinking Water Act of 1974, as amended, the only
items eligible for SDWRF participation will be those items
specified as "eligible" in a Plans and Specifications Approval
Letter, if any is issued. The Project Budget, which is the
breakdown of the total eligible cost, is attached hereto as
Exhibit "A" and made apart hereof.

4. LOAN AMOUNT (Subject to the availability of
federal funds and the meeting of the conditions specified in
Section 8.f and 12.c), (NOTE: delete the "the availability of
federal funds and" phrase if no Fed Fund involved. Change to
read as "Subject to meeting the conditions specified in Section
8.f and 12.c) The DIRECTOR shall loan the BOARD a total amount
not to exceed _____
_____ (\$ _____), consisting of _____
_____ (\$ _____
_____) of federal funds under the Capitalization Grant, which
shall be paid from Appropriation Account No. S-__-344-H-00__207-
00-420; _____
_____ (\$ _____) of state SRF match funds, which shall be
paid from Appropriation Account No. S-__-344-H-00__207-00-421; _____
_____ (\$ _____

_)of principal from Repayments funds, which shall be paid from Appropriation Account No. S-__-344-H-00_207-00-422; _____ (\$_____) of Interest from Repayments funds, which shall be paid from Appropriation Account No. S-__-344-H-00-00-423; and _____ (\$_____) of Investment Interest, which shall be paid from Appropriation Account No. S-__-344-H-00_207-00-424.

5. COMPLETION OF THE PROJECT The BOARD shall proceed with and complete construction of the **Project** in accordance with **Project** plans and specifications approved by the DIRECTOR. The BOARD shall maintain progress of the **Project** as specified on the **Project** Schedule. The **Project** Schedule is attached hereto as Exhibit "B" and made a part hereof.

6. NOTIFICATION Whenever, under the terms of this Agreement, a notice, a report, **payment**, or **repayment** is required to be given by one party to another, such notice, report, **payment**, or **repayment** shall be directed to the individuals specified below, at the addresses given, unless a party gives a notice in writing to the other party that another individual has been designated to receive such communications:

William Wong
Chief, Safe Drinking Water Branch
Hawaii State Department of Health
919 Ala Moana Boulevard #308
Honolulu, Hawaii 96814
Telephone: (808) 586-4258
Telefax: (808) 586-4370

[Insert name, address, telephone, and telefax numbers of Respondent]

7. LOAN FEE

a. The COUNTY shall pay the DIRECTOR a **semiannual** loan fee which shall be computed based on the outstanding principal balance, and be payable on, the same dates that corresponding **repayments** of the principal and interest on the loan are due. The **semiannual** loan fee is calculated by taking one half percent (0.5%) of the outstanding principal balance at the time the **semiannual repayment** is due.

b. Each loan fee shall be paid when the **semiannual repayment** is due, as specified in subsection 11a. of this Agreement. A fifteen (15) day grace period shall be allowed.

c. Following the final loan **payment**, an Loan **Repayment** Amortization and Fee Schedule shall be mailed to the County to accurately reflect the **repayment** and loan fee amounts due under this Agreement.

d. The COUNTY shall repay the loan fee by check or warrant, made payable to the STATE OF HAWAII, DIRECTOR OF THE DEPARTMENT OF HEALTH, and delivered to the address as specified in section 6.

e. In the event circumstances prevent the COUNTY from complying with this section, the DIRECTOR shall be entitled to collect interest from the COUNTY on the amount of the loan fee at the effective rate of twelve per cent (12%) simple interest per year commencing on

the first day following the **repayment** due date and ending on the date of the check or warrant issued by the COUNTY.

8. **PAYMENTS** The loan amount shall be paid as follows:

a. Funds from the loan amount shall be paid on a monthly basis to the BOARD upon receipt of proper and acceptable **payment** requests from the BOARD.

b. The BOARD shall not request **payment** for any **Project** cost until such cost has been incurred and is due and payable to **Project** contractors, although it is agreed that actual **payment** of such cost by the BOARD is not required as a condition for submitting the **payment** request.

c. The BOARD's **payment** request shall be submitted to the DIRECTOR on a monthly basis and include the following:

(1) Copies of the invoices or claims, and costs summary sheet with signatures certifying the invoices from the Construction Management firm and the Contractor as submitted to the BOARD for payment.

(2) The BOARD's estimate of percent of completion of the **Project** to justify the progress **payment** requested.

(3) Spreadsheet summarizing contractor's

invoices, consultant's invoices, administration costs, total eligible and ineligible costs.

Spreadsheet is commonly known as the "Combined Voucher Register and Expenditure Distribution Journal."

d. Payment to the BOARD's contractor(s) remains the responsibility of the BOARD.

e. The DIRECTOR's obligation to pay any sum to BOARD under any provision of this Agreement is contingent upon the availability of sufficient funds to permit the **payments** provided for herein. In the event that sufficient funds do not become available for reasons beyond the reasonable control of the DIRECTOR, such as failure of the federal or state government to appropriate funds necessary for **payments** of loan amounts, the DIRECTOR shall not be obligated to make any **payments** to the BOARD under this Agreement. If any **payments** which are otherwise due to the BOARD under this Agreement are deferred because of unavailability of sufficient funds, such **payments** will promptly be made to the BOARD when sufficient funds do become available.

f. The Director's obligation to make **payments** of any sum to the BOARD under any provision of this Interim Agreement is conditional upon:

- 1) The submittal by the BOARD and approval

by DIRECTOR of a Site Certification, and Resolution, or Ordinance passed by the BOARD Council which authorizes or ratifies the SRF loan application and identifies the dedicated source(s) of revenue which will fund the **Project** and **repayment** of the loan with interest;

2) The submittal by the BOARD and approval by the DIRECTOR of the Pre-Award Package;

3) The amendment or replacement of this agreement to identify security for this **Project** loan and interest, which shall be the dedicated source of revenue to fund the **Project** and repay the loan with interest, and such dedicated source shall include a BOARD pledge of the BOARD'S full faith and credit as shown in a Resolution or Ordinance to be attached to the Agreement as an exhibit; and

4) Completion, to the satisfaction of the DIRECTOR, of the planning phase described in the SDWRF Manual (PROCEDURES TO PARTICIPATE IN THE HAWAII STATE SAFE DRINKING WATER REVOLVING FUND LOAN PROGRAM, dated _____ 1997), including proper Environmental Assessment Documents, completion of any applicable Environmental Review Process, the DIRECTOR'S approval of the plans and specifications.

9. WITHHOLDING OF LOAN PAYMENTS The DIRECTOR may withhold all or any portion of the loan amount provided for by this Agreement in the event that:

a. The BOARD has violated, or threatens to violate, any term, provision, condition, or commitment of this Agreement; or

b. The BOARD fails to maintain progress toward completion of the **Project** in accordance with the **Project** Schedule; or

c. Any costs incurred after the **construction cut-off date** shall be ineligible for SRF loan funding; or

d. sections 8.f and 12.c are not met.

10. INTEREST The loan interest rate shall be _____ and _____ one hundredth percent (____%) per annum.

Interest shall begin to accrue from the date of the State issued warrant or check for each loan amount paid to the BOARD.

11. REPAYMENT OF LOAN The loan, including interest shall be repaid as follows:

a. After the DIRECTOR makes loan **payments** to the BOARD, then the BOARD shall repay the loan amount, together with all interest accruing thereon, in thirty nine (39) **semiannual** installments, with the first **repayment** due one year after the date of Notice to Proceed or the date of this Agreement, whichever is

later, for this construction project. The actual **repayments** will be based on **payments** made to the BOARD. The last **semiannual** installment of principal and interest shall be repaid to the DIRECTOR not later than twenty (20) years after the date of the Notice to Proceed or the date of this Agreement, whichever is later.

b. The **semiannual repayments** shall be based on the following calculations.

(1) Calculate the **repayment** amount using the formula below for a standard fully amortized loan with equal **semiannual repayments**.

$$R = P \frac{i}{1-(i+1)^{-n}}$$

i = interest rate
P = Balance of the principal amount paid to the BOARD
R = **Repayment** amount
n = Term, thirty nine (39) **semiannual** installments less the number of **repayments** made.

(2) The actual interest accrued during the year shall be applied to the **repayment** amount. The remaining amount of **repayment** shall be applied to the principal.

c. The BOARD shall repay the principal and interest on or before each **semiannual** due date. A fifteen (15) day grace period shall be allowed.

d. Following the final loan **payment**, a Loan

Repayment Schedule shall be mailed to the BOARD to accurately reflect the **repayment** amounts due under this Agreement.

e. The BOARD may, with the DIRECTOR'S prior approval, at any time prepay the loan and such prepayment will be applied to the principal of the loan. The prepayment amount will not reduce the amount of the **semiannual repayment**. The term of the loan, however, will be reduced and a revised Loan **Repayment** Schedule will be sent to the BOARD.

f. The BOARD shall repay the principal and interest by check or warrant, made payable to the DEPARTMENT OF HEALTH, and delivered to the address as specified in section 6.

g. In the event circumstances prevent the BOARD from complying with this section, the DIRECTOR shall be entitled to collect interest from the BOARD on the amount of the **semiannual repayment** at the effective rate of twelve per cent (12%) simple interest per year commencing on the first day following the **repayment** due date and ending on the date of the check or warrant issued by the BOARD.

12. SECURITY AND DEFAULT

a. The DIRECTOR shall not approve new loan applications from the BOARD if any current loan is in default. A default is deemed to exist if repayments on

current loans are not paid when due, if the BOARD fails to fulfill its obligations under this Agreement, or if the BOARD becomes financially insolvent.

b. In the event the BOARD fails to remit the **semiannual repayments** as established in the Loan **Repayment** Schedule, the DIRECTOR shall deliver by certified mail a written notice of such failure to the BOARD. In the event the BOARD fails to cure repayment delinquency within thirty (30) days after the receipt of such notice, the DIRECTOR shall notify the Attorney General of the State of Hawaii of the default of the BOARD.

c. Security for this **Project** loan and interest, shall be provided by the BOARD. This Agreement shall be amended or replaced to identify such security to the DIRECTOR's satisfaction. Such security shall be the dedicated source of revenue to fund the **Project** and repay the loan with interest, and such dedicated source shall include a BOARD pledge of the BOARD's full faith and credit as shown in a Resolution or Ordinance passed by the BOARD Council and attached to the Agreement as an exhibit. When the BOARD pledges its full faith and credit, this Agreement shall be amended or replaced so that the BOARD will covenant that,

"The BOARD shall exercise its general obligation authority as needed to pay the **semiannual repayments** due hereunder. As needed, the BOARD shall establish, increase and collect

such fees and taxes and make such adjustments to raise funds sufficient to pay such **semiannual payments** and costs. The BOARD pledges its full faith and credit, and covenants to exercise that authority as needed, to the extent allowed by law."

d. The BOARD shall maintain a dedicated source of revenue in an amount equal to the maximum annual **debt service** requirements under this Agreement.

e. A pledge of the BOARD's full faith and credit is the BOARD's "dedicated source of revenue" under 340 E-G (3), Act 218, H.R.S., 1997.

f. In addition to all rights and remedies provided by the laws of the State of Hawaii, the BOARD agrees that in the event the BOARD defaults in **repayments** to be made to the DEPARTMENT OF HEALTH as required by this Agreement or defaults in the observance or performance of any other provisions of this Agreement, the DIRECTOR shall be entitled to an order or a writ of mandamus issued by a court of proper jurisdiction, compelling and requiring the BOARD and its officers to observe and perform any covenant, condition or obligation prescribed in this Agreement.

g. No delay or omission to exercise any right or power shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed

expedient. The specific remedy herein provided shall be cumulative of all other existing remedies and the specification of such remedy shall not be deemed to be exclusive.

13. PROJECT PROCUREMENT The BOARD shall:

a. Procure the architectural/engineering services in accordance with Chapter 103D of the Hawaii Revised Statutes and BOARD of _____ Consultant Selection Procedures.

b. Procure the construction contractor(s) in accordance with Chapter 103D of the Hawaii Revised Statutes.

c. Contractors debarred, suspended or voluntarily excluded from participating in federally assisted programs shall not be considered.

d. Award the prime construction contract for the **Project** no later than ninety (90) days after receipt of the Pre-Award offer. The BOARD shall promptly submit a copy of the Notice to Proceed to the DIRECTOR.

e. Provide the DIRECTOR an executed copy of the contract between the BOARD.

f. Submit the following documents with the contract:

(1) An affidavit of publication from the newspaper agencies of the bid solicitation as proof of advertising.

(2) Detailed bid tabulation, bid proposals, and the award recommendation, certified by the engineer responsible for overseeing construction.

(3) Detailed cost breakdown supporting each item of the project cost.

g. Submit subagreements for Construction

Management work and services during construction to the DIRECTOR for approval. No **payments** for the affected engineering work shall be made to the BOARD under this loan until the subagreements have been approved.

h. Provide certification to the DIRECTOR that affirmative steps, in accordance with 40 CFR sec. 35.3145(d), were taken to encourage participation of small, minority, and women's business enterprises in Project construction and documentation of the intended use of such enterprises therein. The BOARD is deemed as "grantee" for the application here of this federal regulation.

14. INSURANCE

a. The BOARD shall ensure that contractor(s) obtain and keep in force the following until the **construction cut-off date**:

(1) Performance and payment bonds for the full amount of the contracts.

(2) Insurance against customary risks during the period of construction shall also be provided.

(3) Builder's risk or similar types of insurance in an amount equal to the full replacement cost of the **Project**, to the extent that such insurance is obtainable for the duration of the construction period against any one or more of such risks.

b. The BOARD shall acquire and maintain, upon the **initiation of operation**, any flood insurance made available to it under the National Flood Insurance Act of 1968, as amended, for the useful life of the **Project**. This condition shall not be applicable if the **Project** location is outside the boundaries of a special flood hazard area delineated on a Flood Hazard Boundary Map of Flood Insurance Rate Map which has been issued by the Federal Emergency Management Agency. This condition shall not be applicable if the total value of improvements insurable under the National Flood Insurance Act is less than \$10,000.

c. As documentation of insurance coverage, the BOARD shall submit to the DIRECTOR copies of the bonding and insurance certifications or policies.

15. CONSTRUCTION ACTIVITIES The BOARD shall promptly notify the DIRECTOR in writing of:

a. Any construction change order when the change will increase the construction loan amount. The BOARD is responsible for additional costs that are ineligible

for loan funding or when the loan funds are unavailable.

b. Cessation of all major construction work on the **Project** where such cessation of work is expected or does extend for a period of thirty (30) days or more.

c. Any circumstance, combination of circumstances, or condition which is expected to or does delay completion of construction for a period of ninety (90) days or more beyond the estimated date of completion of construction previously provided to the DIRECTOR.

d. Completion of construction of the **Project**.

16. ARCHEOLOGICAL AND HISTORICAL PRESERVATION Should the discovery of potential archaeological or historical resource occur during construction, all works in the area of the find will stop and the construction consultant shall be called in to evaluate the situation and make recommendations to the State Historic Preservation Officer, Department of Land and Natural Resources, State of Hawaii. Said Historic Preservation Officer shall determine what shall be necessary for construction to proceed.

17. RECORDS MAINTENANCE, RETENTION, AND ACCESS The BOARD shall maintain, retain, and allow access to the **Project** records in accordance with 40 CFR sec. 31.42 (the BOARD is deemed the "grantee" for the application here of this federal regulation) and in the following manner:

a. Establish an official file for the construction phase which shall document all significant actions regarding the **Project**.

b. Establish accounts to record all amounts received and expended on the **Project**, including all loan funds received under this Agreement.

c. Establish accounts to record all income received for the **Project**, specifically including any income attributable to loan amounts received under this Agreement.

d. Establish an accounting system which will depict final total costs of the **Project**, including both direct and indirect costs. The accounting system shall conform to Generally Accepted Accounting Principles (GAAP) as contained in "Codification of Governmental Accounting and Financial Reporting Standards" as published by Governmental Accounting Standards Board.

e. Establish such accounts and maintain such records as may be necessary for the DIRECTOR to fulfill federal reporting requirements, including any and all reporting requirements under federal tax statutes or regulations.

f. Allow the DIRECTOR, the Comptroller of the State of Hawaii, the federal granting agency, the Comptroller General of the United States, and any of their authorized representatives, the committees (and

their staffs) of the Congress and Legislature of the State of Hawaii, and the Legislative Auditor of the State of Hawaii to have the right of access to any book, document, paper, file, or other record of the BOARD (and of any of its subcontractors) that is related to the performance of the provisions under this Agreement in order to conduct an audit or other examination or to make excerpts and transcripts for the purposes of monitoring and evaluating the BOARD's performance of the provisions and the BOARD's program, management, and fiscal practices to assure the proper and effective expenditure of funds under this Agreement. The right of access shall not be limited to the required retention period but shall last as long as the records are retained.

g. The BOARD shall retain all records related to the BOARD's performance of the provisions under this Agreement for at least three (3) years after the date of submission of the BOARD's final expenditure report, except that if any litigation, claim, negotiation, investigation, audit, or other action involving the records has been started before the expiration of the three-year period, the BOARD shall retain the records until completion of the action and resolution of all issues that arise from it, or until the end of the regular three-year retention period, whichever occurs

later.

18. PROJECT ACCESS The BOARD shall ensure that the Environmental Protection Agency and the DIRECTOR, or any authorized representative thereof, will have access to the **Project** site at all reasonable times during **Project** construction and thereafter for the useful life of the **Project**. Inspections may be unannounced.

19. REPORTS The BOARD shall submit to the DIRECTOR by September 30th of each year, an Annual Report of **debt service** of the Project during the course of the loan **repayment** period. These reports shall summarize all income and expenses (operating and non-operating) of the **Project** for the year and include any revisions to the projected income and expenses for the remainder of the loan **repayment** period. The purpose of the reports is to update the DIRECTOR on the **Project's** financial status and to determine whether the **Project** is able to meet its **repayment** obligation.

20. AUDITS The BOARD shall conduct an annual audit performed by an independent auditor in accordance with OMB A-128, "Audits of State and Local Governments." Audits may be conducted in conjunction with the BOARD's annual audit.

The BOARD shall deliver to the DIRECTOR the audit report annually.

21. INDEPENDENT CONTRACTOR STATUS AND RESPONSIBILITIES
In the performance of the provisions required under this Agreement, the BOARD shall be an "independent contractor" with

the authority and responsibility to control and direct the performance and details of the work required under this Agreement; however, the DIRECTOR shall have a general right to inspect work in progress to determine whether, in the DIRECTOR's opinion, the provisions are being performed by the BOARD in accordance with the provisions of this Agreement. All persons hired or used by the BOARD shall be the BOARD's employees and agents and the BOARD shall ensure that such persons are qualified to engage in the activity in which they participate. The BOARD shall be responsible for the accuracy, completeness, and adequacy of any and all work performed by the BOARD's employees and agents and shall ensure that all applicable licensing and operating requirements of the state, federal, and county governments and all applicable accreditation and other standards of quality generally accepted in the field of the BOARD's activities are complied with and satisfactorily met. Furthermore, the BOARD intentionally, voluntarily, and knowingly assumes the sole and entire liability (if any such liability is determined to exist) for its employees and agents or to other persons for all loss, damage, or injury caused by the BOARD's employees and agents in the course of their employment. The mere participation in the performance of provisions under this Agreement shall not constitute nor be construed as employment with the State of Hawaii and shall not entitle the BOARD or the BOARD's employees, agents, or subcontractors to vacation, sick leave, retirement, worker's compensation, or other benefits afforded state employees

by statute. The BOARD shall be responsible for payment of applicable income, social security, and any other federal, state, or county taxes and fees.

22. DEFENSE AND INDEMNIFICATION The BOARD shall defend, indemnify, and save harmless the State of Hawaii, the DIRECTOR, and their officers, employees, and agents from and against any and all actions, claims, suits, damages, and costs arising out of or resulting from the acts or omissions of the BOARD or the BOARD's officers, employees, agents, contractors, or subcontractors occurring during or in connection with the performance of the BOARD's services under this Agreement. The BOARD shall defend and indemnify the State of Hawaii, the DIRECTOR, and their officers, and agents against any such action or claim unless the action or claim involves an act or omission solely of the State or the DIRECTOR, their officers, employees, or agents.

23. ASSIGNMENTS The BOARD shall not assign any part or all of the provisions to be performed under this Agreement without the prior written consent and approval of the DIRECTOR. The DIRECTOR may condition any consent and approval upon such terms and provisions that the DIRECTOR may deem necessary. Furthermore, no assignment of claims for money due or to become due to the BOARD under this Agreement shall be effective unless the assignment of such claims is first approved by the DIRECTOR and the Comptroller of the State of Hawaii.

24. COMPLIANCE WITH LAWS, REGULATIONS, ETC. The BOARD

shall comply with and require its contractors and subcontractors to comply with all applicable federal and state laws, rules, guidelines, regulations, and requirements to include, but not be limited to, the list of federal "cross-cutting" authorities as identified in Exhibit "C" and made a part hereof. In particular, no person performing work under this Agreement, including any subcontractor, employee, or agent of the BOARD, shall engage in any discrimination that is prohibited by any applicable federal, state, or county law.

25. LOBBYING No portion of this loan shall be used for lobbying or propaganda purposes as prohibited by 18 U.S.C.A. sec. 1913 (West 1984), or section 607(a) of Public Law 96-74, 93 Stat. 575 (Sept 29, 1979).

26. OTHER CONDITIONS The BOARD shall comply with the Other Conditions listed in Exhibit "D", attached hereto and made a part hereof, to maximize the beneficial use of this loan Agreement.

27. WAIVERS OF VIOLATIONS It is expressly understood and agreed that no waiver granted by the DIRECTOR on account of any violation of any promise, term, or condition of this Agreement shall constitute or be construed in any manner as a waiver of the promise, term, or condition or of the right to enforce the same as to any other or further violation.

It is further expressly understood and agreed that the failure of the DIRECTOR to insist upon the strict compliance with any term, provision, or condition of this Agreement shall not

constitute or be deemed to constitute a waiver or relinquishment of the DIRECTOR's right to enforce the same in accordance with this Agreement.

28. DISPUTES Any dispute arising out of this Agreement, which is not disposed of by mutual agreement within thirty (30) calendar days, shall, unless both the BOARD and the DIRECTOR mutually agree to an arbitration, be decided by the DIRECTOR or his designated representative, who shall reduce the decision to writing and mail or otherwise furnish a copy of the decision to the BOARD. The decision of the DIRECTOR, or his designated representative, or the agreed upon arbitrator(s), shall be final and conclusive. Pending final decision of such a dispute, the BOARD shall proceed diligently with the performance of the provisions under this Agreement in accordance with the DIRECTOR's requests. The BOARD shall pay for any DIRECTOR's expenses, including legal fees and collection fees, arising from nonpayment or late repayment of this Agreement.

29. MODIFICATION OF AGREEMENT Any modification, alteration, or change to this Agreement, including modification of the provisions to be performed, increase (subject to the availability of funds) or decrease in the amount of the loan, shall be made only by written supplemental agreements executed by the parties.

30. TERMINATION OF AGREEMENT

a. This Agreement may be terminated by the DIRECTOR upon written notice to the BOARD during

construction of the **Project**, or thereafter at any time prior to complete repayment by the BOARD, upon violation by the BOARD of any material provision of this loan Agreement after such violation has been called to the attention of the BOARD and after failure of the BOARD to bring itself into compliance with the provisions of this Agreement within a reasonable time.

b. In the event of such termination under Section 30.a, above, the BOARD agrees, upon demand, to immediately repay to the DIRECTOR an amount equal to the current balance due on the loan, including accrued interest.

c. This Interim Agreement may be terminated at any time by either the BOARD or the DIRECTOR before written modification of this Interim Agreement in compliance with Sections 8.f and 12.c. Such termination shall be effective by receipt of notice from the terminating party.

d. The parties intend to replace this Interim Agreement with a Final Agreement or Amend this Interim Agreement to become a Final Agreement, after BOARD compliance with the conditions in sections 8.f and 12.c.

31. SEVERABILITY In the event that any provision of this Agreement is declared invalid or unenforceable by a court, such invalidity or unenforceability shall not affect the validity

or enforceability of the remaining terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the day and year first above written and this Agreement shall remain in effect for the useful life of the Project or until the date of final loan repayment, whichever period is longer, or unless sooner terminated.

DEPARTMENT OF HEALTH,
STATE OF HAWAII

By _____
Its Director of Health

BOARD OF (SPECIFY THE COUNTY)

By _____
Its Board Director

By _____
Its Director of Finance

APPROVED AS TO CONTENT:

Manager and Chief Engineer
Department of Public Works
(Specify the County)

APPROVED AS TO FORM:

Deputy Attorney General
State of Hawaii

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel
(Specify the County)

PROJECT BUDGET

The BOARD and the DIRECTOR acknowledge that the actual cost of the Project has not been determined as of the effective date of this Agreement. Project cost adjustments may be made as a result of construction bidding or mutually agreed upon Project changes. The final cost shall be established after all Project costs are reviewed subsequent to Project performance certification. Changes in Project costs may also occur as a result of the BOARD's Project audit or an independent audit under the Single Audit Act. Until this Agreement is amended, the BOARD agrees to the following estimates for the Project cost:

1. Architectural engineering basic fees \$
2. Other architectural engineering fees
3. Project inspection fees - CM
4. Construction and project improvement
5. Equipment
6. Total (Line 1 through 6)
7. Less: Ineligible Exclusions
8. Total Eligible Project Amount
9. SRF loan requested of Line 8
10. BOARD share
11. Other shares
12. Total project costs (Lines 9,10,&11)

Exhibit "A"

Revised Version: 10-24-97

PROJECT SCHEDULE

Est. Date

- A. Notice to Proceed
- B. Completion of Construction
- C. Project Duration from start to finish (months)

Exhibit "B"

Revised Version: 10-24-97

LIST OF FEDERAL LAWS AND AUTHORITIES
(FEDERAL "CROSS-CUTTING" AUTHORITIES)

Federal Law in effect when the Agreement is signed shall apply. References below to years of publication and page number may have been superseded.

ENVIRONMENTAL:

- ARCHEOLOGICAL AND HISTORIC PRESERVATION ACT OF 1974, 16 U.S.C.A. secs. 469-469b (West 1985)
- CLEAN AIR ACT, 42 U.S.C.A. sec. 7506(c) (West 1983 and Supp. 1990)
- COASTAL BARRIER RESOURCES ACT, 16 U.S.C.A. secs. 3501-3510, (West 1985 and Supp. 1990)
- COASTAL ZONE MANAGEMENT ACT OF 1972, 16 U.S.C.A. secs. 1451-1464 (West 1985 and Supp. 1990)
- ENDANGERED SPECIES ACT 16 U.S.C.A. secs. 1531-1543 (West 1985 and Supp. 1990)
- FARMLAND PROTECTION POLICY ACT, 7 U.S.C.A. secs. 4201-4209 (West 1988)
- FISH AND WILDLIFE COORDINATION ACT, 16 U.S.C.A. secs. 661-664 (West 1985 and Supp. 1990)
- FLOODPLAIN MANAGEMENT, EXECUTIVE ORDER 11988, 3 C.F.R. 117 (1978), reprinted in 42 U.S.C.A. sec. 4321, ann. at 286-288 (West Supp. 1993), as amended by FEDERAL EMERGENCY MANAGEMENT, EXECUTIVE ORDER 12148, sec. 5-207, 3 C.F.R. 412 (1980), reprinted in 50 APP. U.S.C.A. sec. 2251, ann. at 169-174 (West 1991)
- NATIONAL HISTORIC PRESERVATION ACT OF 1966, 16 U.S.C.A. secs. 470-470w-6 (West 1985 and Supp. 1990)
- PROTECTION OF WETLANDS, EXECUTIVE ORDER 11990, 3 C.F.R. 121 (1978), reprinted in 42 U.S.C.A. sec. 4321, ann. at 288-289 (West Supp. 1993)
- SAFE DRINKING WATER ACT, 42 U.S.C.A. secs. 300f-300j-9 (West 1982)
- ENVIRONMENTAL JUSTICE, EXECUTIVE ORDER 12898

Exhibit "C"

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Revised Version: 10-24-97

- WILD AND SCENIC RIVERS ACT, Pub. L. 90-542, as amended

ECONOMIC:

- ADMINISTRATION OF THE CLEAN AIR ACT AND THE FEDERAL WATER POLLUTION CONTROL ACT WITH RESPECT TO FEDERAL CONTRACTS, GRANTS, OR LOANS, EXECUTIVE ORDER 11738, 3 C.F.R. 799 (1971-1975), reprinted in 42 U.S.C.A. sec. 7606, ann. at 693-694 (West 1983)
- DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966, 42 U.S.C.A. secs. 3311-3339, 3371, and 3374 (West 1977 and Supp. 1990)
- FEDERAL PROCUREMENT, CLEAN AIR ACT, sec. 306, 42 U.S.C.A. sec. 7606 (West 1983)
- FEDERAL PROCUREMENT, CLEAN WATER ACT, sec. 508, 33 U.S.C.A. sec. 1368 (West 1986)

SOCIAL LEGISLATION:

- AGE DISCRIMINATION ACT, 42 U.S.C.A. secs. 6101-6107 (West 1983 and Supp. 1990)
- CIVIL RIGHTS ACT OF 1964, 42 U.S.C.A. secs. 2000a-2000h-6 (West 1981 and Supp. 1990)
- EQUAL EMPLOYMENT OPPORTUNITY, EXECUTIVE ORDER 11246, 3 C.F.R. 339 (1964-1965), reprinted in 42 U.S.C.A. sec. 2000(e), ann. at 19-24 (West 1981)
- MINORITY BUSINESS ENTERPRISE DEVELOPMENT, EXECUTIVE ORDER 12432, 3 C.F.R. 198 (1984), reprinted in 15 U.S.C.A. sec. 637, ann. at 155 (West Supp. 1990)
- NATIONAL PROGRAM FOR MINORITY BUSINESS ENTERPRISE, EXECUTIVE ORDER 11625, 3 C.F.R. 616 (1971-1975), reprinted in 15 U.S.C.A. sec. 631, ann. at 175-177 (West 1976)
- NATIONAL WOMEN'S BUSINESS ENTERPRISE POLICY AND NATIONAL PROGRAM FOR WOMEN'S BUSINESS ENTERPRISE, EXECUTIVE ORDER 12138, 3 C.F.R. 393 (1980), reprinted in 15 U.S.C.A. sec. 631, ann. at 60-62 (West Supp. 1990)

Exhibit "C"

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- PROHIBITION AGAINST SEX DISCRIMINATION UNDER THE FEDERAL WATER POLLUTION CONTROL ACT AMENDMENTS OF 1972, sec. 13, Public Law 92-500, reprinted in 33 U.S.C.A. sec. 1251, ann. at 518 (West 1986)
- REHABILITATION ACT OF 1973, 29 U.S.C.A. sec. 794 (West 1985 and Supp. 1990)

MISCELLANEOUS AUTHORITY:

- DEBARMENT AND SUSPENSION, EXECUTIVE ORDER 12549, 3 C.F.R. 189 (1987), reprinted in 31 U.S.C.A. sec. 6101, ann. at 96 (West Supp. 1990)
- DEBARMENT AND SUSPENSION, EXECUTIVE ORDER 12689, 3 C.F.R. 235 (1990) (54 Federal Register 34131, Aug. 16, 1989), reprinted in 31 U.S.C.A. sec. 6101, ann. at 97 (West Supp. 1990).
- UNIFORM RELOCATION AND REAL PROPERTY ACQUISITION POLICIES ACT OF 1970, 42 U.S.C.A. secs. 4601-4655 (West 1983 and Supp. 1990)

Exhibit "C"

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OTHER CONDITIONS

Project No. _____

Project Description: _____

1. When issuing statements, press releases, requests for proposals, bid solicitations and other documents describing projects or programs funded in whole or in part with State Drinking Water Revolving Fund (SRF) money, all grantees receiving SRF funds including but not limited to State and local governments shall clearly state: 1) the percentage of the total costs of the program or project which will be financed with SRF money; 2) the dollar amount of SRF funds for the project or program; and 3) the percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

Exhibit "D"

Revised Version: 10-24-97

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FINAL AGREEMENT FOR STATE REVOLVING FUND LOAN
FOR THE CONSTRUCTION OF SAFE DRINKING WATER PROJECTS,
LOAN FROM STATE SAFE DRINKING WATER REVOLVING FUNDS

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Project Title: _____

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FINAL
AGREEMENT FOR
STATE REVOLVING FUND LOAN
WITH THE _____ (specify BOARD)
FOR THE CONSTRUCTION OF SAFE DRINKING WATER PROJECTS
LOAN FROM STATE SAFE DRINKING WATER REVOLVING FUNDS

Project No. DW_____

Project Title: _____

THIS FINAL AGREEMENT, made and entered into as of the ___ day of _____, _____, by and between the DIRECTOR OF THE DEPARTMENT OF HEALTH, STATE OF HAWAII ("DIRECTOR"), and the _____ (specify BOARD) _____ ("BOARD"), a semi-autonomous body of _____ (specify the county), which is a Hawaii municipality with principal offices at _____, (collectively the "parties"), WITNESSES THAT:

WHEREAS, under Section 340E-E, 1997 Haw. Sess. Laws, (Act 218/97) the DIRECTOR and his delegates are authorized to make loans to municipalities for the construction of necessary treatment works and for other projects intended for preventing drinking water contamination problem or water system.

WHEREAS, the BOARD has made an application for a loan related to the construction of the **Project**, hereinafter described, and said **Project** has been tentatively determined by the DIRECTOR to be eligible for a loan under an Interim Agreement dated _____;

WHEREAS, the BOARD has met the conditions of the Interim Agreement, particularly Sections 8.f and 12.c, and the **project** has been determined by the DIRECTOR to be eligible for the loan, pursuant to applicable federal and state laws, rules, regulations, guidance, and the Operating Agreement for Activities and Functions in Managing the State Safe Drinking Water Revolving Fund (SDWRF) Program between the State of Hawaii and the United States Environmental Protection Agency, Region IX; and

WHEREAS, the DIRECTOR has authorized the loan funds for the **Project**;

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. DEFINITIONS Unless the context in this Agreement indicates another meaning, the following terms shall have the following meaning:

a. "Safe Drinking Water Act" means the Federal Safe Drinking Water Act of 1974, PL 92-523, as amended, Safe Drinking Water Act Amendments of 1986, P.L. 99-339, Lead Contamination Control Act of 1988, and Safe Drinking Water act Amendments of 1996, P.L. 104-182, and rules and regulations promulgated thereunder.

b. "Construction Cut-off Date" means the date the project is capable of initiating operations as determined by the DIRECTOR. The date determined by the DIRECTOR controls in case of conflict.

c. "Debt Services" means the amount of money

necessary to pay interest and principal on an outstanding debt in accordance with the required contributions to a amortization schedule loan.

d. "Payment" means the loan funds paid to the BOARD based on the BOARD's SRF payment request.

e. "Project" means the activities or tasks concerning a safe drinking water facility described in the application and financed pursuant to this Agreement.

f. "Project Close-out" means the final actions taken by the DIRECTOR and the BOARD to assure satisfactory completion of project work and to fulfill administrative requirements; including financial settlement, submission of final audit resolution, and resolution of any outstanding issues under this Agreement.

g. "Repayment" means the loan funds paid by the BOARD to the DIRECTOR.

h. "Semiannual" means occurring every six months.

Words defined in this section will, hereinafter, be in bold print.

2. PROJECT DESCRIPTION The **Project**, _____, DW _____, consists of the construction of facilities to _____

_____ as particularly described in the loan application of the BOARD and the plans and specifications approved by the DIRECTOR.

3. ESTIMATED COST OF CONSTRUCTION The estimated cost of the construction is _____ (\$ _____), and the estimated total eligible cost of the construction project is _____ (\$ _____). Pursuant to Section 1412 or Section 1452 (a) (2) of the Safe Drinking Water Act of 1974, as amended, the only items eligible for SDWRF participation are those items specified as "eligible" in the Plans and Specifications Approval Letter dated _____. The **Project** Budget, which is the breakdown of the total eligible cost, is attached hereto as Exhibit "A" and made apart hereof.

4. LOAN AMOUNT (Subject to the availability of federal funds), (NOTE: delete the "Subject to..." phrase if no Fed Fund involved.) The DIRECTOR shall loan the BOARD a total amount not to exceed _____ (\$ _____), consisting of _____ (\$ _____) of federal funds under the Capitalization Grant, which shall be paid from Appropriation Account No. S-__-344-H-00_207-00-420; _____ (\$ _____) of state SRF match funds, which shall be paid from Appropriation Account No. S-__-344-H-00_207-00-421; _

_____ (\$_____) of principal from Repayments funds, which shall be paid from Appropriation Account No. S-____-344-H-00_207-00-422; _____ (\$_____) of Interest from Repayments funds, which shall be paid from Appropriation Account No. S-____-344-H-00_-00-423; and _____ (\$_____) of Investment Interest funds, which shall be paid from Appropriation Account No. S-____-344-H-00_207-00-424.

5. COMPLETION OF THE PROJECT The BOARD shall proceed with and complete construction of the **Project** in accordance with **Project** plans and specifications approved by the DIRECTOR. The BOARD shall maintain progress of the **Project** as specified on the **Project** Schedule. The **Project** Schedule is attached hereto as Exhibit "B" and made a part hereof.

6. NOTIFICATION Whenever, under the terms of this Agreement, a notice, a report, **payment**, or **repayment** is required to be given by one party to another, such notice, report, **payment**, or **repayment** shall be directed to the individuals specified below, at the addresses given, unless a party gives a notice in writing to the other party that another individual has been designated to receive such communications:

William Wong
Chief, Safe Drinking Water Branch
Hawaii State Department of Health
919 Ala Moana Boulevard #308
Honolulu, Hawaii 96814
Telephone: (808) 586-4258
Telefax: (808) 586-4370

[Insert name, address, telephone, and

telefax numbers of Respondent]

7. LOAN FEE

a. The COUNTY shall pay the DIRECTOR a **semiannual** loan fee which shall be computed based on the outstanding principal balance, and be payable on, the same dates that corresponding **repayments** of the principal and interest on the loan are due. The **semiannual** loan fee is calculated by taking one half percent (0.5%) of the outstanding principal balance at the time the **semiannual repayment** is due.

b. Each loan fee shall be paid when the **semiannual repayment** is due, as specified in subsection 11a. of this Agreement. A fifteen (15) day grace period shall be allowed.

c. Following the final loan **payment**, an Loan **Repayment** Amortization and Fee Schedule shall be mailed to the County to accurately reflect the **repayment** and loan fee amounts due under this Agreement.

d. The COUNTY shall repay the loan fee by check or warrant, made payable to the STATE OF HAWAII, DIRECTOR OF THE DEPARTMENT OF HEALTH, and delivered to the address as specified in section 6.

e. In the event circumstances prevent the COUNTY from complying with this section, the DIRECTOR shall be entitled to collect interest from the COUNTY on the

amount of the loan fee at the effective rate of twelve per cent (12%) simple interest per year commencing on the first day following the **repayment** due date and ending on the date of the check or warrant issued by the COUNTY.

8. **PAYMENTS** The loan amount shall be paid as follows:

a. Funds from the loan amount shall be paid on a monthly basis to the BOARD upon receipt of proper and acceptable **payment** requests from the BOARD.

b. The BOARD shall not request **payment** for any **Project** cost until such cost has been incurred and is due and payable to **Project** contractors, although it is agreed that actual **payment** of such cost by the BOARD is not required as a condition for submitting the **payment** request.

c. The BOARD's **payment** request shall be submitted to the DIRECTOR on a monthly basis and include the following:

(1) Copies of the invoices or claims, and costs summary sheet with signatures certifying the invoices from the Construction Management firm and the Contractor as submitted to the BOARD for payment.

(2) The BOARD's estimate of percent of completion of the **Project** to justify the progress

payment requested.

(3) Spreadsheet summarizing contractor's invoices, consultant's invoices, administration costs, total eligible and ineligible costs. Spreadsheet is commonly known as the "Combined Voucher Register and Expenditure Distribution Journal."

d. Payment to the BOARD's contractor(s) remains the responsibility of the BOARD.

e. The DIRECTOR's obligation to pay any sum to BOARD under any provision of this Agreement is contingent upon the availability of sufficient funds to permit the **payments** provided for herein. In the event that sufficient funds do not become available for reasons beyond the reasonable control of the DIRECTOR, such as failure of the federal or state government to appropriate funds necessary for **payments** of loan amounts, the DIRECTOR shall not be obligated to make any **payments** to the BOARD under this Agreement. If any **payments** which are otherwise due to the BOARD under this Agreement are deferred because of unavailability of sufficient funds, such **payments** will promptly be made to the BOARD when sufficient funds do become available.

9. WITHHOLDING OF LOAN PAYMENTS The DIRECTOR may withhold all or any portion of the loan amount provided for by

this Agreement in the event that:

a. The BOARD has violated, or threatens to violate, any term, provision, condition, or commitment of this Agreement; or

b. The BOARD fails to maintain progress toward completion of the **Project** in accordance with the **Project Schedule**; or

c. Any costs incurred after the **construction cut-off date** shall be ineligible for SRF loan funding;

10. INTEREST The loan interest rate shall be _____ and _____ one hundredth percent (____%) per annum.

Interest shall begin to accrue from the date of the State issued warrant or check for each loan amount paid to the BOARD.

11. REPAYMENT OF LOAN The loan, including interest shall be repaid as follows:

a. The BOARD shall repay the loan amount, together with all interest accruing thereon, in thirty nine (39) **semiannual** installments, with the first **repayment** due one year after the date of Notice to Proceed or the date of this Agreement, whichever is later, for this construction project. The actual **repayments** will be based on **payments** made to the BOARD. The last **semiannual** installment of principal and interest shall be repaid to the DIRECTOR not later than twenty (20) years after the date of the Notice to

Proceed or the date of this Agreement, whichever is later.

b. The **semiannual repayments** shall be based on the following calculations.

(1) Calculate the **repayment** amount using the formula below for a standard fully amortized loan with equal **semiannual repayments**.

$$R = P \frac{i}{1-(i+1)^{-n}}$$

i = interest rate
P = Balance of the principal amount paid to the BOARD
R = **Repayment** amount
n = Term, thirty nine (39) **semiannual** installments less the number of **repayments** made.

(2) The actual interest accrued during the year shall be applied to the **repayment** amount. The remaining amount of **repayment** shall be applied to the principal.

c. The BOARD shall repay the principal and interest on or before each **semiannual** due date. A fifteen (15) day grace period shall be allowed.

d. Following the final loan **payment**, a Loan **Repayment** Schedule shall be mailed to the BOARD to accurately reflect the **repayment** amounts due under this Agreement.

e. The BOARD may, with the DIRECTOR'S prior

approval, at any time prepay the loan and such prepayment will be applied to the principal of the loan. The prepayment amount will not reduce the amount of the **semiannual repayment**. The term of the loan, however, will be reduced and a revised Loan **Repayment** Schedule will be sent to the BOARD.

f. The BOARD shall repay the principal and interest by check or warrant, made payable to the DEPARTMENT OF HEALTH, and delivered to the address as specified in section 6.

g. In the event circumstances prevent the BOARD from complying with this section, the DIRECTOR shall be entitled to collect interest from the BOARD on the amount of the **semiannual repayment** at the effective rate of twelve per cent (12%) simple interest per year commencing on the first day following the **repayment** due date and ending on the date of the check or warrant issued by the BOARD.

12. SECURITY AND DEFAULT

a. The DIRECTOR shall not approve new loan applications from the BOARD if any current loan is in default. A default is deemed to exist if repayments on current loans are not paid when due, if the BOARD fails to fulfill its obligations under this Agreement, or if the BOARD becomes financially insolvent.

b. In the event the BOARD fails to remit the

semiannual repayments as established in the Loan **Repayment** Schedule, the DIRECTOR shall deliver by certified mail a written notice of such failure to the BOARD. In the event the BOARD fails to cure repayment delinquency within thirty (30) days after the receipt of such notice, the DIRECTOR shall notify the Attorney General of the State of Hawaii of the default of the BOARD.

c. As security for this **Project** loan and interest, the BOARD pledges its full faith and credit, as shown in the attached Exhibit E, Ordinance/Resolution No. _____
____. The BOARD covenants that it shall exercise its general obligation authority as needed to pay the **semiannual repayments** due hereunder. As needed, the BOARD shall establish, increase and collect such fees and taxes and make such adjustments to raise funds sufficient to pay such **semiannual payments** and costs. The BOARD pledges its full faith and credit, and covenants to exercise that authority as needed, to the extent allowed by law.

d. The BOARD shall maintain a dedicated source of revenue in an amount equal to the maximum annual **debt service** requirements under this Agreement.

e. The foregoing pledge is the BOARD's "dedicated source of revenue" under Section 340 E-G (3), 1997 Haw. Sess. Laws, (Act 218/97).

f. In addition to all rights and remedies provided by the laws of the State of Hawaii, the BOARD agrees that in

the event the BOARD defaults in **repayments** to be made to the DEPARTMENT OF HEALTH as required by this Agreement or defaults in the observance or performance of any other provisions of this Agreement, the DIRECTOR shall be entitled to an order or a writ of mandamus issued by a court of proper jurisdiction, compelling and requiring the BOARD and its officers to observe and perform any covenant, condition or obligation prescribed in this Agreement.

g. No delay or omission to exercise any right or power shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedy herein provided shall be cumulative of all other existing remedies and the specification of such remedy shall not be deemed to be exclusive.

13. PROJECT PROCUREMENT The BOARD shall:

a. Procure the architectural/engineering services in accordance with Chapter 103D of the Hawaii Revised Statutes and BOARD of _____ Consultant Selection Procedures.

b. Procure the construction contractor(s) in accordance with Chapter 103D of the Hawaii Revised Statutes.

c. Contractors debarred, suspended or voluntarily excluded from participating in federally assisted

programs shall not be considered.

d. Award the prime construction contract for the **Project** no later than ninety (90) days after receipt of the Pre-Award offer. The BOARD shall promptly submit a copy of the Notice to Proceed to the DIRECTOR.

e. Provide the DIRECTOR an executed copy of the contract between the BOARD.

f. Submit the following documents with the contract:

(1) An affidavit of publication from the newspaper agencies of the bid solicitation as proof of advertising.

(2) Detailed bid tabulation, bid proposals, and the award recommendation, certified by the engineer responsible for overseeing construction.

(3) Detailed cost breakdown supporting each item of the project cost.

g. Submit subagreements for Construction Management work and services during construction to the DIRECTOR for approval. No **payments** for the affected engineering work shall be made to the BOARD under this loan until the subagreements have been approved.

h. Provide certification to the DIRECTOR that affirmative steps, in accordance with 40 CFR sec. 35.3145(d), were taken to encourage participation of small, minority, and women's business enterprises in

Project construction and documentation of the intended use of such enterprises therein. The BOARD is deemed as "grantee" for the application here of this federal regulation.

14. INSURANCE

a. The BOARD shall ensure that contractor(s) obtain and keep in force the following until the **construction cut-off date**:

(1) Performance and payment bonds for the full amount of the contracts.

(2) Insurance against customary risks during the period of construction shall also be provided.

(3) Builder's risk or similar types of insurance in an amount equal to the full replacement cost of the **Project**, to the extent that such insurance is obtainable for the duration of the construction period against any one or more of such risks.

b. The BOARD shall acquire and maintain, upon the **initiation of operation**, any flood insurance made available to it under the National Flood Insurance Act of 1968, as amended, for the useful life of the **Project**. This condition shall not be applicable if the **Project** location is outside the boundaries of a special flood hazard area delineated on a Flood Hazard Boundary Map of Flood Insurance Rate Map which has been issued

by the Federal Emergency Management Agency. This condition shall not be applicable if the total value of improvements insurable under the National Flood Insurance Act is less than \$10,000.

c. As documentation of insurance coverage, the BOARD shall submit to the DIRECTOR copies of the bonding and insurance certifications or policies.

15. CONSTRUCTION ACTIVITIES The BOARD shall promptly notify the DIRECTOR in writing of:

a. Any construction change order when the change will increase the construction loan amount. The BOARD is responsible for additional costs that are ineligible for loan funding or when the loan funds are unavailable.

c. Cessation of all major construction work on the **Project** where such cessation of work is expected or does extend for a period of thirty (30) days or more.

d. Any circumstance, combination of circumstances, or condition which is expected to or does delay completion of construction for a period of ninety (90) days or more beyond the estimated date of completion of construction previously provided to the DIRECTOR.

e. Completion of construction of the **Project**.

16. ARCHEOLOGICAL AND HISTORICAL PRESERVATION Should the discovery of potential archaeological or historical resource

occur during construction, all works in the area of the find will stop and the construction consultant shall be called in to evaluate the situation and make recommendations to the State Historic Preservation Officer, Department of Land and Natural Resources, State of Hawaii. Said Historic Preservation Officer shall determine what shall be necessary for construction to proceed.

17. RECORDS MAINTENANCE, RETENTION, AND ACCESS The BOARD shall maintain, retain, and allow access to the **Project** records in accordance with 40 CFR sec. 31.42 (the BOARD is deemed the "grantee" for the application here of this federal regulation) and in the following manner:

a. Establish an official file for the construction phase which shall document all significant actions regarding the **Project**.

b. Establish accounts to record all amounts received and expended on the **Project**, including all loan funds received under this Agreement.

c. Establish accounts to record all income received for the **Project**, specifically including any income attributable to loan amounts received under this Agreement.

d. Establish an accounting system which will depict final total costs of the **Project**, including both direct and indirect costs. The accounting system shall conform to Generally Accepted Accounting Principles

(GAAP) as contained in "Codification of Governmental Accounting and Financial Reporting Standards" as published by Governmental Accounting Standards Board.

e. Establish such accounts and maintain such records as may be necessary for the DIRECTOR to fulfill federal reporting requirements, including any and all reporting requirements under federal tax statutes or regulations.

f. Allow the DIRECTOR, the Comptroller of the State of Hawaii, the federal granting agency, the Comptroller General of the United States, and any of their authorized representatives, the committees (and their staffs) of the Congress and Legislature of the State of Hawaii, and the Legislative Auditor of the State of Hawaii to have the right of access to any book, document, paper, file, or other record of the BOARD (and of any of its subcontractors) that is related to the performance of the provisions under this Agreement in order to conduct an audit or other examination or to make excerpts and transcripts for the purposes of monitoring and evaluating the BOARD's performance of the provisions and the BOARD's program, management, and fiscal practices to assure the proper and effective expenditure of funds under this Agreement. The right of access shall not be limited to the required retention period but shall last as long as

the records are retained.

g. The BOARD shall retain all records related to the BOARD's performance of the provisions under this Agreement for at least three (3) years after the date of submission of the BOARD's final expenditure report, except that if any litigation, claim, negotiation, investigation, audit, or other action involving the records has been started before the expiration of the three-year period, the BOARD shall retain the records until completion of the action and resolution of all issues that arise from it, or until the end of the regular three-year retention period, whichever occurs later.

18. PROJECT ACCESS The BOARD shall ensure that the Environmental Protection Agency and the DIRECTOR, or any authorized representative thereof, will have access to the **Project** site at all reasonable times during **Project** construction and thereafter for the useful life of the **Project**. Inspections may be unannounced.

19. REPORTS The BOARD shall submit to the DIRECTOR by September 30th of each year, an Annual Report of **debt service** of the Project during the course of the loan **repayment** period. These reports shall summarize all income and expenses (operating and non-operating) of the **Project** for the year and include any revisions to the projected income and expenses for the remainder of the loan **repayment** period. The purpose of the reports is to

update the DIRECTOR on the **Project's** financial status and to determine whether the **Project** is able to meet its **repayment** obligation.

20. AUDITS The BOARD shall conduct an annual audit performed by an independent auditor in accordance with OMB A-128, "Audits of State and Local Governments." Audits may be conducted in conjunction with the BOARD's annual audit.

The BOARD shall deliver to the DIRECTOR the audit report annually.

21. INDEPENDENT CONTRACTOR STATUS AND RESPONSIBILITIES

In the performance of the provisions required under this Agreement, the BOARD shall be an "independent contractor" with the authority and responsibility to control and direct the performance and details of the work required under this Agreement; however, the DIRECTOR shall have a general right to inspect work in progress to determine whether, in the DIRECTOR's opinion, the provisions are being performed by the BOARD in accordance with the provisions of this Agreement. All persons hired or used by the BOARD shall be the BOARD's employees and agents and the BOARD shall ensure that such persons are qualified to engage in the activity in which they participate. The BOARD shall be responsible for the accuracy, completeness, and adequacy of any and all work performed by the BOARD's employees and agents and shall ensure that all applicable licensing and operating requirements of the state, federal, and county governments and all applicable accreditation and other standards of quality

generally accepted in the field of the BOARD's activities are complied with and satisfactorily met. Furthermore, the BOARD intentionally, voluntarily, and knowingly assumes the sole and entire liability (if any such liability is determined to exist) for its employees and agents or to other persons for all loss, damage, or injury caused by the BOARD's employees and agents in the course of their employment. The mere participation in the performance of provisions under this Agreement shall not constitute nor be construed as employment with the State of Hawaii and shall not entitle the BOARD or the BOARD's employees, agents, or subcontractors to vacation, sick leave, retirement, worker's compensation, or other benefits afforded state employees by statute. The BOARD shall be responsible for payment of applicable income, social security, and any other federal, state, or county taxes and fees.

22. DEFENSE AND INDEMNIFICATION The BOARD shall defend, indemnify, and save harmless the State of Hawaii, the DIRECTOR, and their officers, employees, and agents from and against any and all actions, claims, suits, damages, and costs arising out of or resulting from the acts or omissions of the BOARD or the BOARD's officers, employees, agents, contractors, or subcontractors occurring during or in connection with the performance of the BOARD's services under this Agreement. The BOARD shall defend and indemnify the State of Hawaii, the DIRECTOR, and their officers, and agents against any such action or claim unless the action or claim involves an act or omission

solely of the State or the DIRECTOR, their officers, employees, or agents.

23. ASSIGNMENTS The BOARD shall not assign any part or all of the provisions to be performed under this Agreement without the prior written consent and approval of the DIRECTOR. The DIRECTOR may condition any consent and approval upon such terms and provisions that the DIRECTOR may deem necessary. Furthermore, no assignment of claims for money due or to become due to the BOARD under this Agreement shall be effective unless the assignment of such claims is first approved by the DIRECTOR and the Comptroller of the State of Hawaii.

24. COMPLIANCE WITH LAWS, REGULATIONS, ETC. The BOARD shall comply with and require its contractors and subcontractors to comply with all applicable federal and state laws, rules, guidelines, regulations, and requirements to include, but not be limited to, the list of federal "cross-cutting" authorities as identified in Exhibit "C" and made a part hereof. In particular, no person performing work under this Agreement, including any subcontractor, employee, or agent of the BOARD, shall engage in any discrimination that is prohibited by any applicable federal, state, or county law.

25. LOBBYING No portion of this loan shall be used for lobbying or propaganda purposes as prohibited by 18 U.S.C.A. sec. 1913 (West 1984), or section 607(a) of Public Law 96-74, 93 Stat. 575 (Sept 29, 1979).

26. OTHER CONDITIONS The BOARD shall comply with the

Other Conditions listed in Exhibit "D", attached hereto and made a part hereof, to maximize the beneficial use of this loan Agreement.

27. WAIVERS OF VIOLATIONS It is expressly understood and agreed that no waiver granted by the DIRECTOR on account of any violation of any promise, term, or condition of this Agreement shall constitute or be construed in any manner as a waiver of the promise, term, or condition or of the right to enforce the same as to any other or further violation.

It is further expressly understood and agreed that the failure of the DIRECTOR to insist upon the strict compliance with any term, provision, or condition of this Agreement shall not constitute or be deemed to constitute a waiver or relinquishment of the DIRECTOR's right to enforce the same in accordance with this Agreement.

28. DISPUTES Any dispute arising out of this Agreement, which is not disposed of by mutual agreement within thirty (30) calendar days, shall, unless both the BOARD and the DIRECTOR mutually agree to an arbitration, be decided by the DIRECTOR or his designated representative, who shall reduce the decision to writing and mail or otherwise furnish a copy of the decision to the BOARD. The decision of the DIRECTOR, or his designated representative, or the agreed upon arbitrator(s), shall be final and conclusive. Pending final decision of such a dispute, the BOARD shall proceed diligently with the performance of the provisions under this Agreement in accordance with the

DIRECTOR's requests. The BOARD shall pay for any DIRECTOR's expenses, including legal fees and collection fees, arising from nonpayment or late repayment of this Agreement.

29. MODIFICATION OF AGREEMENT Any modification, alteration, or change to this Agreement, including modification of the provisions to be performed, increase (subject to the availability of funds) or decrease in the amount of the loan, shall be made only by written supplemental agreements executed by the parties.

30. TERMINATION OF AGREEMENT

a. This Agreement may be terminated by the DIRECTOR upon written notice to the BOARD during construction of the **Project**, or thereafter at any time prior to complete repayment by the BOARD, upon violation by the BOARD of any material provision of this loan Agreement after such violation has been called to the attention of the BOARD and after failure of the BOARD to bring itself into compliance with the provisions of this Agreement within a reasonable time.

b. In the event of such termination under Section 30.a, above, the BOARD agrees, upon demand, to immediately repay to the DIRECTOR an amount equal to the current balance due on the loan, including accrued interest.

31. SEVERABILITY In the event that any provision of this Agreement is declared invalid or unenforceable by a court,

such invalidity or unenforceability shall not affect the validity or enforceability of the remaining terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the day and year first above written and this Agreement shall remain in effect for the useful life of the Project or until the date of final loan repayment, whichever period is longer, or unless sooner terminated.

DEPARTMENT OF HEALTH,
STATE OF HAWAII

By _____
Its Director of Health

BOARD OF (SPECIFY THE BOARD)

By _____
Its Board Director

By _____
Its Director of Finance

APPROVED AS TO CONTENT:

Manager and Chief Engineer
(Specify the County)

APPROVED AS TO FORM:

Deputy Attorney General
State of Hawaii

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel
(Specify the County)

PROJECT BUDGET

The BOARD and the DIRECTOR acknowledge that the actual cost of the Project has not been determined as of the effective date of this Agreement. Project cost adjustments may be made as a result of construction bidding or mutually agreed upon Project changes. The final cost shall be established after all Project costs are reviewed subsequent to Project performance certification. Changes in Project costs may also occur as a result of the BOARD's Project audit or an independent audit under the Single Audit Act. Until this Agreement is amended, the BOARD agrees to the following estimates for the Project cost:

1. Architectural engineering basic fees \$
2. Other architectural engineering fees
3. Project inspection fees - CM
4. Construction and project improvement
5. Equipment
6. Total (Line 1 through 6)
7. Less: Ineligible Exclusions
8. Total Eligible Project Amount
9. SRF loan requested of Line 8
10. BOARD share
11. Other shares
12. Total project costs (Lines 9,10,&11)

Exhibit "A"

PROJECT SCHEDULE

Est. Date

- A. Notice to Proceed
- B. Completion of Construction
- C. Project Duration from start to finish (months)

Exhibit "B"

LIST OF FEDERAL LAWS AND AUTHORITIES
(FEDERAL "CROSS-CUTTING" AUTHORITIES)

Federal Law in effect when the Agreement is signed shall apply.
References below to years of publication and page number may have
been superseded.

ENVIRONMENTAL:

- ARCHEOLOGICAL AND HISTORIC PRESERVATION ACT OF 1974, 16 U.S.C.A. secs. 469-469b (West 1985)
- CLEAN AIR ACT, 42 U.S.C.A. sec. 7506(c) (West 1983 and Supp. 1990)
- COASTAL BARRIER RESOURCES ACT, 16 U.S.C.A. secs. 3501-3510, (West 1985 and Supp. 1990)
- COASTAL ZONE MANAGEMENT ACT OF 1972, 16 U.S.C.A. secs. 1451-1464 (West 1985 and Supp. 1990)
- ENDANGERED SPECIES ACT 16 U.S.C.A. secs. 1531-1543 (West 1985 and Supp. 1990)
- FARMLAND PROTECTION POLICY ACT, 7 U.S.C.A. secs. 4201-4209 (West 1988)
- FISH AND WILDLIFE COORDINATION ACT, 16 U.S.C.A. secs. 661-664 (West 1985 and Supp. 1990)
- FLOODPLAIN MANAGEMENT, EXECUTIVE ORDER 11988, 3 C.F.R. 117 (1978), reprinted in 42 U.S.C.A. sec. 4321, ann. at 286-288 (West Supp. 1993), as amended by FEDERAL EMERGENCY MANAGEMENT, EXECUTIVE ORDER 12148, sec. 5-207, 3 C.F.R. 412 (1980), reprinted in 50 APP. U.S.C.A. sec. 2251, ann. at 169-174 (West 1991)
- NATIONAL HISTORIC PRESERVATION ACT OF 1966, 16 U.S.C.A. secs. 470-470w-6 (West 1985 and Supp. 1990)
- PROTECTION OF WETLANDS, EXECUTIVE ORDER 11990, 3 C.F.R. 121 (1978), reprinted in 42 U.S.C.A. sec. 4321, ann. at 288-289 (West Supp. 1993)
- SAFE DRINKING WATER ACT, 42 U.S.C.A. secs. 300f-300j-9 (West 1982)
- ENVIRONMENTAL JUSTICE, EXECUTIVE ORDER 12898

Exhibit "C"

-1-

- WILD AND SCENIC RIVERS ACT, Pub. L. 90-542, as amended

ECONOMIC:

- ADMINISTRATION OF THE CLEAN AIR ACT AND THE FEDERAL WATER POLLUTION CONTROL ACT WITH RESPECT TO FEDERAL CONTRACTS, GRANTS, OR LOANS, EXECUTIVE ORDER 11738, 3 C.F.R. 799 (1971-1975), reprinted in 42 U.S.C.A. sec. 7606, ann. at 693-694 (West 1983)
- DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966, 42 U.S.C.A. secs. 3311-3339, 3371, and 3374 (West 1977 and Supp. 1990)
- FEDERAL PROCUREMENT, CLEAN AIR ACT, sec. 306, 42 U.S.C.A. sec. 7606 (West 1983)
- FEDERAL PROCUREMENT, CLEAN WATER ACT, sec. 508, 33 U.S.C.A. sec. 1368 (West 1986)

SOCIAL LEGISLATION:

- AGE DISCRIMINATION ACT, 42 U.S.C.A. secs. 6101-6107 (West 1983 and Supp. 1990)
- CIVIL RIGHTS ACT OF 1964, 42 U.S.C.A. secs. 2000a-2000h-6 (West 1981 and Supp. 1990)
- EQUAL EMPLOYMENT OPPORTUNITY, EXECUTIVE ORDER 11246, 3 C.F.R. 339 (1964-1965), reprinted in 42 U.S.C.A. sec. 2000(e), ann. at 19-24 (West 1981)
- MINORITY BUSINESS ENTERPRISE DEVELOPMENT, EXECUTIVE ORDER 12432, 3 C.F.R. 198 (1984), reprinted in 15 U.S.C.A. sec. 637, ann. at 155 (West Supp. 1990)
- NATIONAL PROGRAM FOR MINORITY BUSINESS ENTERPRISE, EXECUTIVE ORDER 11625, 3 C.F.R. 616 (1971-1975), reprinted in 15 U.S.C.A. sec. 631, ann. at 175-177 (West 1976)
- NATIONAL WOMEN'S BUSINESS ENTERPRISE POLICY AND NATIONAL PROGRAM FOR WOMEN'S BUSINESS ENTERPRISE, EXECUTIVE ORDER 12138, 3 C.F.R. 393 (1980), reprinted in 15 U.S.C.A. sec. 631, ann. at 60-62 (West Supp. 1990)

Exhibit "C"

-2-

ADM. SERV. OFFICE
LOG NO. 10-24-97

- PROHIBITION AGAINST SEX DISCRIMINATION UNDER THE FEDERAL WATER POLLUTION CONTROL ACT AMENDMENTS OF 1972, sec. 13, Public Law 92-500, reprinted in 33 U.S.C.A. sec. 1251, ann. at 518 (West 1986)
- REHABILITATION ACT OF 1973, 29 U.S.C.A. sec. 794 (West 1985 and Supp. 1990)

MISCELLANEOUS AUTHORITY:

- DEBARMENT AND SUSPENSION, EXECUTIVE ORDER 12549, 3 C.F.R. 189 (1987), reprinted in 31 U.S.C.A. sec. 6101, ann. at 96 (West Supp. 1990)
- DEBARMENT AND SUSPENSION, EXECUTIVE ORDER 12689, 3 C.F.R. 235 (1990) (54 Federal Register 34131, Aug. 16, 1989), reprinted in 31 U.S.C.A. sec. 6101, ann. at 97 (West Supp. 1990).
- UNIFORM RELOCATION AND REAL PROPERTY ACQUISITION POLICIES ACT OF 1970, 42 U.S.C.A. secs. 4601-4655 (West 1983 and Supp. 1990)

Exhibit "C"

-3-

OTHER CONDITIONS

Project No. DW _____

Project Description: _____

1. When issuing statements, press releases, requests for proposals, bid solicitations and other documents describing projects or programs funded in whole or in part with State Drinking Water Revolving Fund (SDWRF) money, all grantees receiving SRF funds including but not limited to State and local governments shall clearly state: 1) the percentage of the total costs of the program or project which will be financed with SRF money; 2) the dollar amount of SRF funds for the project or program; and 3) the percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

Exhibit "D"

Jan 19/00

APPENDIX L

PRE-AWARD FORM

Jan 20/00

**PRE-AWARD FORM
FOR STATE REVOLVING FUND LOANS
TO CONSTRUCT DRINKING WATER TREATMENT FACILITIES**

Submit this form to the State Safe Drinking Water Branch after selecting the proposed construction contractor(s) and A/E firm(s).

1. Project _____ DW _____

2. Applicant _____

3. Date by which contract(s) must be awarded: _____

4. Have there been any significant changes to the final plans and specifications, plan of study, or scope of work, since the date of the State's planning documents approval letter?

_____ yes _____ no

If YES, please submit these changes to DOH for approval prior to completion of this form.

5. Submit one copy of all A/E agreements which the applicant proposes to accept. (* For federally-funded projects, these agreements must include the "boiler plate" requirements.)

6. For the construction portion of the project, submit one copy of the following:

a) the contract(s) which the applicant proposes to accept and the bid tabulations. (* For federally-funded projects, these contracts must include the "boiler plate" requirements);

b) a summary of all bidders' proposals received, with an identification of the lowest, responsive, responsible bidder;

c) evidence of bid advertisement; and,

d) the engineer's estimate of project costs.

7. Is the selected construction bid the lowest bid received?

_____ yes _____ no

If NO, submit all bid tabulations received, plus a detailed justification describing why the applicant

intends to award to other than the lowest bidder.

8. Complete the Summary of Project Costs. In the "remarks" column describe any ineligible cost items.

	Total Costs	Eligible Costs	Ineligible Costs	Remarks
Contractor(s) :				
1. _____	\$	\$	\$	
2. _____	\$	\$	\$	
3. _____	\$	\$	\$	
Subtotal (Contractor)	\$	\$	\$	
Contingency, up to 5% of Eligible Construction Costs	\$	\$	\$	
Design Allowance, factor ¹ : _____ times Elig Construction Costs	\$	\$	\$	
Construction Management	\$	\$	\$	
Project Inspection	\$	\$	\$	
O&M Manual Preparation	\$	\$	\$	
Other A/E Services	\$	\$	\$	
Equipment ²	\$	\$	\$	

¹ Allowable factors listed in Appendix I, pages I-1 thru I-4 of the SRF Applicant Manual.

² If equipment or material have been approved for purchase outside the construction contracts, enter the estimated or actual

Other (specify) \$ _____ \$ _____ \$ _____

TOTAL \$ _____ \$ _____ \$ _____

9. Financing Sources for Total Project Costs

General Obligation Bonds \$ _____

Revenue Bonds \$ _____

Appropriations \$ _____

Other County Funds (specify) \$ _____

Other State Funds (specify) \$ _____

Other Federal Funds (specify) \$ _____

State Revolving Fund Loan \$ _____

TOTAL \$ _____

10. Describe the dedicated revenue source(s) and timing of these sources for repayment of the loan. Also, identify any alternative sources of funds, should the dedicated source become insufficient to cover the loan payments.

costs.

11. Project Milestones

_____ Award construction contract(s)
_____ Award A/E agreement(s)
_____ Issue Notice to Proceed
_____ Construction completion date
_____ Project duration, in months

12. Payment Request Schedule

Indicate the proposed payment request schedule. Payments may be requested only for costs which have been incurred.

	20____	20____	20____
January	_____	_____	_____
February	_____	_____	_____
March	_____	_____	_____
April	_____	_____	_____
May	_____	_____	_____
June	_____	_____	_____
July	_____	_____	_____
August	_____	_____	_____
September	_____	_____	_____
October	_____	_____	_____
November	_____	_____	_____
December	_____	_____	_____

13. Did the Applicant submit all the documents and forms as required in the interim loan agreement? ___ Yes ___ No, if No, please attach documents and forms.

14. Certification

The undersigned representative of the applicant certifies that the information contained above and in any attached statements and materials in support thereof, is true and correct.

Signature of Authorized Representative

Date

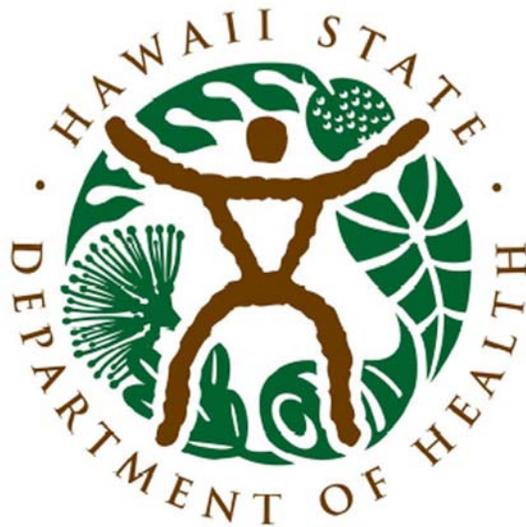
Name and Title of Authorized Representative

APPENDIX M

FEDERAL REQUIREMENTS FOR DWSRF LOAN AGREEMENTS

(includes "Boiler Plate")

FEDERAL REQUIREMENTS
FOR
DWSRF LOAN APPLICANTS



NOVEMBER 2006

FEDERAL REQUIREMENTS FOR
DWSRF PROJECTS

For any DWSRF loan, the Applicant is required to certify that they have complied, or will comply, with all the federal regulations listed herein as "Cross-cutter" regulations which have been determined as applying to the DWSRF loan program.

The Applicant must also insert a copy of the "DWSRF Boilerplate", as provided, into all consultant and construction contracts and subcontracts.

A. "CROSS-CUTTER" REGULATIONS

1. ENVIRONMENTAL AUTHORITIES:

a. ARCHEOLOGICAL AND HISTORIC PRESERVATION ACT OF 1974,
16 USC 469a-1

Should the discovery of potential archaeological or historical resources occur during construction, all work in the area of the find shall stop and the construction management consultant shall be called in to evaluate the situation and make recommendations to the State Historic Preservation Officer, Department of Land and Natural Resources, State of Hawaii. The Historic Preservation Officer will determine what will be necessary for construction to proceed.

b. CLEAN AIR ACT, 42 USC 7401

The recipient must determine the direct and indirect emissions from the proposed treatment works project and their impact on air quality. This analysis must determine if the project conforms to the State Implementation Plan (SIP).

c. COASTAL BARRIERS RESOURCES ACT, 16 USC 3501

This Act does not apply to the State of Hawaii at this time.

d. COASTAL ZONE MANAGEMENT ACT, 16 USC 1451

DWSRF assistance recipients should consult with the coastal zone management program to ensure that the project will be consistent with the state program. Certification must be approved by the coastal zone agency prior to DWSRF assistance.

e. ENDANGERED SPECIES ACT, 16 USC 1531

DWSRF assistance recipients must determine whether any endangered or threatened species or critical habitat exists within the locale of the proposed project.

f. ENVIRONMENTAL JUSTICE, EXECUTIVE ORDER 12898

DWSRF assistance recipients shall attempt to identify and address disproportionately high and adverse human health or environmental effects of this project on minority populations and low-income populations.

g. FARMLAND PROTECTION POLICY ACT, 7 USC 4201

DWSRF assistance recipients must determine whether the proposed project will have an affect on significant agricultural lands.

h. FISH AND WILDLIFE COORDINATION ACT, 16 USC 661

DWSRF assistance recipients should seek the assistance of wildlife officials to determine the affect the proposed project may have on wildlife and its habitat.

i. FLOODPLAIN MANAGEMENT, EXECUTIVE ORDER 11988 (1977), AS AMENDED BY EXECUTIVE ORDER 12148 (1979)

DWSRF assistance recipients must determine if the proposed project will be located in or affect a floodplain. Projects within floodplains must document flood protection mitigation and design measures.

j. NATIONAL HISTORIC PRESERVATION ACT, 16 USC 470

DWSRF assistance recipients must determine whether historic properties that are included or are eligible for inclusion on the National Register are in the project area.

k. PROTECTION OF WETLANDS, EXECUTIVE ORDER 11990 (1977), AS AMENDED BY EXECUTIVE ORDER 12608 (1997)

DWSRF assistance recipients must determine whether their proposed project will be in or will affect a wetland, and whether an alternative will be necessary.

l. SAFE DRINKING WATER ACT, 42 USC 300f

DWSRF assistance recipients must determine if their proposed project will affect a sole source aquifer, and whether further investigations will be necessary.

m. WILD AND SCENIC RIVERS ACT, 16 USC 1271

This Act is not applicable to the State of Hawaii at this time.

n. ESSENTIAL FISH HABITAT CONSULTATION PROCESS UNDER THE MAGNUSON-STEVENSON FISHERY CONSERVATION AND MANAGEMENT ACT, 16 U.S.C. 1801

DWSRF assistance recipients must determine whether a proposed project may adversely effect Essential Fish Habitat (EFH). The National Marine Fisheries Service will make maps and/or other information on the locations of EFH available as well as provide information on ways to promote conservation of EFH, in order to facilitate this assessment.

2. ECONOMIC POLICY AUTHORITIES:

a. ADMINISTRATION OF THE CLEAN AIR ACT AND THE WATER POLLUTION CONTROL ACT WITH RESPECT TO FEDERAL CONTRACTS OR LOANS, EXECUTIVE ORDER 11738.

This Executive Order prohibits assistance to facilities that are not in compliance with either the Clean Water or the Clean Air Acts unless the purpose of the assistance is to remedy the cause of the violation.

b. DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966, Pub.L. 89-754, AS AMENDED 42 USC 3331

DWSRF assistance recipients should submit information describing a proposed project's effect on local development plans to the DWSRF agency.

c. PROCUREMENT PROHIBITIONS, EXECUTIVE ORDER 11738, Section 306 of the Clean Air Act.

The recipient of Federal assistance must certify that it will not procure goods, services or materials from suppliers who are on the EPA's list of Clean Air Act violators.

d. PROCUREMENT PROHIBITIONS, Section 508, of the Clean Water Act.

The recipient of Federal assistance must certify that it will not procure goods, services or materials from suppliers who are on the EPA's list of Clean Water Act violators.

3. SOCIAL POLICY AUTHORITIES:

a. AGE DISCRIMINATION ACT OF 1975, 42 USC 6102

No person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity receiving Federal financial assistance.

b. CIVIL RIGHTS ACT OF 1964, TITLE VI, 42 USC 2000d

No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

c. EQUAL EMPLOYMENT OPPORTUNITY, EXECUTIVE ORDER 11246, as amended.

This Executive Order requires all recipients of Federal contracts to include certain non-discrimination and "affirmative action" provisions in all contracts. The provisions commit the contractor or subcontractor to maintain a policy of non-discrimination in the treatment of employees, to make this policy known to employees, and to recruit, hire and train employees without regard to race, color, sex, religion and national origin.

d. MINORITY BUSINESS ENTERPRISE DEVELOPMENT, EXECUTIVE ORDER 12432.

This executive order sets forth in more detail the responsibilities of Federal agencies for the monitoring, maintaining of data and reporting of the use of minority enterprises.

e. NATIONAL PROGRAM FOR MINORITY BUSINESS ENTERPRISE, EXECUTIVE ORDER 11625.

This Executive Order directs Federal agencies to promote and encourage the use of minority business enterprises in projects utilizing federal funds.

f. NATIONAL WOMEN'S BUSINESS ENTERPRISE POLICY AND NATIONAL PROGRAM FOR WOMEN'S BUSINESS ENTERPRISE, EXECUTIVE ORDER

12138.

This Executive Order directs each department or agency empowered to extend Federal financial assistance to any program or activity to issue regulations requiring the recipient of such assistance to take appropriate affirmative action in support of women's business enterprise and to prohibit actions or policies which discriminate against women's business enterprise on the ground of sex.

g. REHABILITATION ACT OF 1973, 29 U.S.C. 794

No otherwise qualified handicapped individual in the United States shall, solely by reason of his handicap, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity receiving Federal financial assistance.

h. SMALL BUSINESS ADMINISTRATION REAUTHORIZATION AND AMENDMENT ACT OF 1998, Pub. L. 100-590, Section 129

This Amendment directs Federal agencies to promote and encourage the use of small business enterprises in projects utilizing federal funds.

i. DEPARTMENT OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND AGENCIES APPROPRIATIONS ACT, 1993, Pub. L. 102-389

The Administrator of the Environmental Protection Agency shall, hereafter to the fullest extent possible, ensure that at least 8 per centum of Federal funding for prime and subcontracts awarded in support of authorized programs, including grants, loans and contracts for wastewater treatment and leaking under ground storage tank grants, be made available to business concerns or other organizations owned or controlled by socially and economically disadvantaged individuals (within the meaning of Section 8(a)(5) and (6) of the Small Business Act (15 U.S.C. 637(a)(5) and (6)), including historically black colleges and universities. For purpose of this section, economically and socially disadvantage individuals shall be deemed to include women..."

4. MISCELLANEOUS AUTHORITIES:

a. DEBARMENT AND SUSPENSION, EXECUTIVE ORDER 12549

Prior to the award of a construction contract, the contractor must certify that it will not knowingly enter

into a contract with any persons that are ineligible under the regulations to participate in the project. Prior to the award of any subcontract, contractors on the project must provide the general contractor with the similar certification.

- b. UNIFORM RELOCATION AND REAL PROPERTY ACQUISITION POLICIES ACT, Pub.L. 91-646 (1971), as amended 42 USC 4601-4655

The Act establishes a policy for fair and equitable treatment of persons who are displaced from their homes, farms or businesses to make way for a federally-assisted project.

- c. PRESERVATION OF OPEN COMPETITION AND GOVERNMENT NEUTRALITY TOWARDS CONTRACTOR'S LABOR RELATIONS ON FEDERAL AND FEDERALLY FUNDED CONSTRUCTION PROJECTS, - Executive Order 13202(2001), as amended by Executive Order 13208(2001)

DWSRF assistance recipients must ensure that bid specifications, project agreements, and other controlling documents for construction contracts awarded after February 17, 2001 do not require or prohibit agreements with labor organizations. Further, DWSRF assistance recipients and any construction manager acting upon their behalf must not otherwise discriminate against bidders, offerors, contractors, or subcontractors for entering into, or refusing to enter into, agreements with labor organizations.

B. REQUIRED FEDERAL FORMS:

The following forms are to be submitted by the recipient to the DOH/SDWB for each DWSRF project:

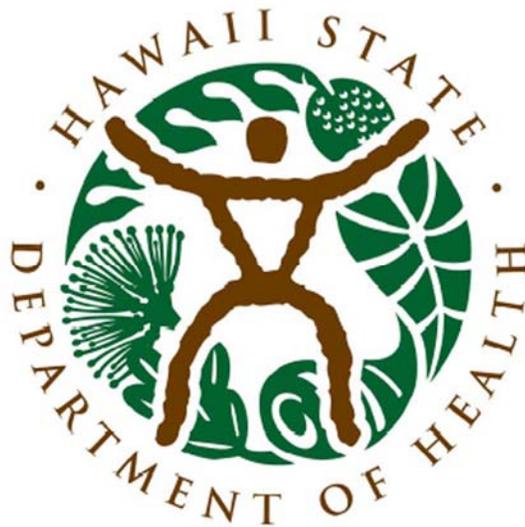
- a. EPA Form 5700-49 (Certification Regarding Debarment, Suspension, and Other Responsibility Matters)
- b. EPA Form 5700-52A (MBE/WBE Utilization Under Federal Grants, Cooperative Agreements, and Other Federal Financial Assistance)

"DWSRF BOILERPLATE"

FEDERAL REQUIREMENTS

FOR

CONSULTANTS AND CONTRACTORS



NOVEMBER 2006

"DWSRF BOILERPLATE"

FEDERAL REQUIREMENTS

FOR

CONSULTANTS AND CONTRACTORS

To the Consultant, Contractor or Sub-contractor of a DWSRF loan funded project:

All DWSRF projects must comply with all the federal regulations listed herein which have been determined as applying to the SRF loan program.

CROSS-CUTTER REGULATIONS:

1. ENVIRONMENTAL AUTHORITIES:

a. ARCHEOLOGICAL AND HISTORIC PRESERVATION ACT OF 1974, 16 USC 469a-1

Should the contractor discover potential archaeological or historical resources occur during construction, all work in the area of the find shall stop and the construction management consultant shall be called in to evaluate the situation and make recommendations to the State Historic Preservation Officer, Department of Land and Natural Resources, State of Hawaii. The Historic Preservation Officer will determine what will be necessary for construction to proceed.

2. SOCIAL POLICY AUTHORITIES:

a. AGE DISCRIMINATION ACT OF 1975, 42 USC 6102

No person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity receiving Federal financial assistance.

b. CIVIL RIGHTS ACT OF 1964, TITLE VI, 42 USC 2000d

No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

c. EQUAL EMPLOYMENT OPPORTUNITY, EXECUTIVE ORDER 11246, as

amended.

The contractor or subcontractor on any SRF project shall maintain a policy of non-discrimination in the treatment of employees, shall make this policy known to employees, and shall recruit, hire and train employees without regard to race, color, sex, religion and national origin.

d. REHABILITATION ACT OF 1973, 29 USC 794

No otherwise qualified handicapped individual in the United States shall, solely by reason of his handicap, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity receiving Federal financial assistance.

e. MINORITY BUSINESS ENTERPRISE DEVELOPMENT, EXECUTIVE ORDER 12432.

This executive order sets forth in more detail the responsibilities of Federal agencies for the monitoring, maintaining of data and reporting of the use of minority enterprises.

f. NATIONAL PROGRAM FOR MINORITY BUSINESS ENTERPRISE, EXECUTIVE ORDER 11625.

This Executive Order directs Federal agencies to promote and encourage the use of minority business enterprises in projects utilizing federal funds.

g. NATIONAL WOMEN'S BUSINESS ENTERPRISE POLICY AND NATIONAL PROGRAM FOR WOMEN'S BUSINESS ENTERPRISE, EXECUTIVE ORDER 12138.

This Executive Order directs each department or agency empowered to extend Federal financial assistance to any program or activity to issue regulations requiring the recipient of such assistance to take appropriate affirmative action in support of women's business enterprise and to prohibit actions or policies which discriminate against women's business enterprise on the ground of sex.

h. SMALL BUSINESS ADMINISTRATION REAUTHORIZATION AND AMENDMENT ACT OF 1998, Pub. L. 100-590, Section 129

This Amendment directs Federal agencies to promote and encourage the use of small business enterprises in projects utilizing federal funds.

i. DEPARTMENT OF VETERANS AFFAIRS AND HOUSING AND URBAN

DEVELOPMENT, AND AGENCIES APPROPRIATIONS ACT, 1993,
Pub. L. 102-389

The Administrator of the Environmental Protection Agency shall, hereafter to the fullest extent possible, ensure that at least 8 per centum of Federal funding for prime and subcontracts awarded in support of authorized programs, including grants, loans and contracts for wastewater treatment and leaking under ground storage tank grants, be made available to business concerns or other organizations owned or controlled by socially and economically disadvantaged individuals (within the meaning of Section 8(a)(5) and (6) of the Small Business Act (15 U.S.C. 637(a)(5) and (6)), including historically black colleges and universities. For purpose of this section, economically and socially disadvantage individuals shall be deemed to include women..."

4. MISCELLANEOUS AUTHORITIES:

a. DEBARMENT AND SUSPENSION, EXECUTIVE ORDER 12549

Prior to the award of a construction contract, the Applicant (County) must certify to the DOH/WB that it will not knowingly enter into a contract with any persons that are ineligible under the regulations to participate in the project. (The Applicant is also obligated to require (for its own records) similar certifications from its contractors, who must in turn require certification from their subcontractors.)

APPENDIX N

FISCAL RECORDS TO BE MAINTAINED BY LOAN APPLICANT

FISCAL RECORDS TO BE MAINTAINED BY SRF LOAN RECIPIENTS

PURPOSE

These instructions outline the fiscal records that SRF loan recipients must maintain. Attached are specimen accounting records, which may be modified to conform with the loan recipient's existing practices.

LOAN RECIPIENT'S RESPONSIBILITY

The loan recipient is responsible for establishing and maintaining adequate accounting and fiscal records to reflect the receipt and expenditure of funds for the project. These accounting records must be maintained in accordance with generally accepted accounting principals and the guidelines outlined below.

CONSTRUCTION ACCOUNT

Upon acceptance of the loan, the recipient shall establish a "Construction Account" to which all receipts for the payment of the project cost, regardless of source, shall be credited and all disbursements shall be charged. At all times, this account shall reflect: total receipts, total disbursements, the account balance, and the purpose for which each disbursement was made. The above items shall be identified by categories of costs specified in the application form and the Pre-Award form.

SUPPORTING DOCUMENTS

Documents supporting each entry in the "Construction Account" shall be kept intact and available for 3 years from the date of the final settlement. During this period, representatives of the State and Federal government shall have access to the facilities, premises, and all project-related records.

CUSTODY AND DISBURSEMENT

State and local laws, regulations, and procedures governing the custody and the disbursement of the recipient's funds shall apply to the SRF funds. If not inconsistent with local laws and regulations, the following recommendations are made regarding the receipt and expenditure of SRF loan funds.

1. The loan recipient's official treasurer should serve as the custodian for all cash received and expended in the wastewater treatment construction program.
2. The custodian's records should reflect the cash received from SRF loan payments, and checks or warrants issued or paid.
3. The reconciliation statements should be prepared at the end of each month to reconcile the cash balance, as shown by the bank statement, with the cash balance carried on the custodian's books.

SUGGESTED DESIGN OF ACCOUNTING RECORDS

Accounts shall be designed to reflect the purpose for which each expenditure is made. Accounting systems shall be organized to facilitate auditing and the preparation of reports. Records of the recipient shall reflect all fiscal transactions between the recipient and the contractor/vendor, and between the recipient and the Department of Health. The following are examples of financial transactions that should be included in the recipient's accounting system:

1. Appropriations or authorizations made by the recipient for the project.
2. Allocations of SRF funds for the project.
3. Contracts entered into, orders placed, and projects costs for the acquisitions of assets.
4. Disbursements to engineers, contractors, and vendors in liquidation of liabilities.
5. SRF payments received.

Payment Request Instructions

All construction costs must be substantiated by submitting copies of the "Contractor's Monthly Pay Estimates". These documents must be signed by the contractor, the engineer, and the loan recipient. Costs must be identified as eligible or ineligible, based on the DOH Allowable Cost Criteria.

Completing the Combined Voucher Register and Expenditure Distribution Journal

This journal, also known as the "spreadsheet", must be submitted with each loan payment request. A sample of the journal is attached. All costs incurred must be reflected in the journal, with eligible and ineligible costs clearly identified. The journal must be continually updated with cumulative totals of costs. The nature of the expenditure must be specifically indicated in the column entitled "Purpose of Expenditures". A general description of the services, e.g. "Engineering services" or "professional services", is not acceptable.

DEFINITIONS OF COST CATEGORIES

The following definitions have been provided for guidance only and do not ensure the eligibility of specific items.

1. CONSTRUCTION AND PROJECT IMPROVEMENT COSTS include those costs associated with the actual construction of, addition to, or restoration of a facility.
2. ARCHITECTURAL / ENGINEERING BASIC FEES include reasonable and necessary costs incurred for preparation of: 1) preliminary plans and studies; 2) project reports; 3) environmental impact statements; 4) operation and maintenance manuals; 5) construction drawings, specifications, estimates, bid documents, and construction contracts; 6) fees for preliminary engineering work such as surveys, tests and borings, foundation investigations, and other work required prior to construction.
3. OTHER ARCHITECTURAL / ENGINEERING FEES include all fees for architectural/engineering services not included in the basic fees. "Other Fees" are usually costs that are incurred after award of the construction contract, for example, project inspection fees and construction surveys.

NOTE: Only costs incurred with reference to that portion of the project are considered eligible for loan participation.

4. EQUIPMENT includes costs of eligible equipment, if such costs were not

included in the construction contract, and must have prior written approval for direct purchase.

5. CONTINGENCIES are unforeseen costs, such as change orders, which may be eligible for loan payment. The amount of the contingency for each project, shall be based on five percent of the eligible construction costs.

Attached are specimen accounting records for Cash Control Card - Project Register and Combined Voucher Register and Expenditure Distribution Journal.

CONTROL CARD - PROJECT REGISTER

DATE	NO.**	DESCRIPTION	CASH RECEIPT	DISBURSEMENTS	CASH BAL.
	Wr. 1	City appropriation	50,000		50,000
	Wr. 8	Receipt from Bond Issue	100,000		150,000
	Vo. 1	ABC Construction		25,000	125,000
	Vo. 2	ABC Construction Co.		25,000	100,000
	F. 1	Payment from EPA	20,000		120,000

**** Document Identification**

Each transaction should be supported by appropriate documentation.

A subsidiary card similar to the one above might be maintained for each classification of costs as shown in Section IV of the loan application and the project budget of the loan agreement. The "Cash Balance Available" column is not required on the subsidiary card. If an Expenditure Distribution Journal is maintained, the subsidiary card is not necessary.

COMBINED VOUCHER REGISTER AND
EXPENDITURE DISTRIBUTION JOURNAL
(SPREADSHEET)

← ELIGIBLE COSTS →

PAYEE	PURPOSE OF EXPENDITURES	TOTAL	CONSTRUCTION CONTRACT	EQUIP. & MATERIALS	A&E OR OTHER FEES	PROJ. INSPEC.	ADM. & FISCAL	INELIG. COSTS

Supporting Documents:

1. Each payment to contractor shall have:
 - a. Contractor's work sheet (summary sheet) signed by the contractor.
 - b. Engineer's certification of payment.

2. Purchase of Equipment and Materials shall have:
 - a. Purchase Order - dated
 - b. Invoice - dated

3. All other types of expenditures should have appropriate supporting documents: for example, time records for city employees serving the project. In order to reflect net disbursements, it is suggested that any refunds be recorded in this journal.

I certify that the information provided is true and that the eligible and ineligible costs were determined based on the plans and specifications approved by the Dept. of Health/Wastewater Branch.

Preparer

Revised: 3/31/98

APPENDIX O

MINORITY BUSINESS ETC

**U.S. ENVIRONMENTAL PROTECTION AGENCY
 MBE/WBE UTILIZATION UNDER FEDERAL GRANTS, COOPERATIVE
 AGREEMENTS, AND INTERAGENCY AGREEMENTS**

PART 1. (Reports are required even if no procurements are made during the reporting period.)

1A. FEDERAL FISCAL YEAR 200_____	1B. REPORTING PERIOD (Check ALL appropriate boxes) <input checked="" type="checkbox"/> 1 st (Oct-Dec) <input checked="" type="checkbox"/> 2 nd (Jan-Mar) <input checked="" type="checkbox"/> 3 rd (Apr-Jun) <input checked="" type="checkbox"/> 4 th (Jul-Sep) <input checked="" type="checkbox"/> Annual <input checked="" type="checkbox"/> Check if this is the last report for the project (Project completed).				
1C. REVISION OF A PRIOR REPORT? Y or N Year: _____ Quarter: _____	BRIEFLY DESCRIBE THE REVISIONS YOU ARE MAKING:				
2A. EPA FINANCIAL ASSISTANCE OFFICE ADDRESS (ATTN: DBE Coordinator)		3A. RECIPIENT NAME AND ADDRESS			
2B. EPA DBE COORDINATOR Name: E-mail:	2C. PHONE: Fax:	3B. RECIPIENT REPORTING CONTACT: Name: E-mail:	3C. PHONE: Fax:		
4A. FINANCIAL ASSISTANCE AGREEMENT ID NUMBER (SRF State Recipients, refer to Instructions for Completion of blocks 4A, 5A and 5C.)		4B. FEDERAL FINANCIAL ASSISTANCE PROGRAM TITLE or CFDA NUMBER:			
5A. TOTAL ASSISTANCE AGREEMENT AMOUNT (SRF State Recipients, refer to Instructions for Completion of blocks 4A, 5A and 5C.) EPA Share: \$ _____ Recipient Share: \$ _____		5B. If NO procurement and NO accomplishments were made this reporting period, check and skip to Block No. 7. (<u>Procurements</u> are all expenditures through contract, order, purchase, lease or barter of supplies, equipment, construction, or services needed to complete Federal assistance programs. <u>Accomplishments</u> , in this context, are procurements made with MBEs and/or WBEs. <div style="text-align: center;">9</div>			
5C. Total Procurement and MBE/WBE Accomplishments This Reporting Period (Only include amount not reported in any prior reporting period)					
Were sub-awards issued under this assistance agreement? Yes ___ No ___ Were contracts issued under this assistance agreement ? Yes ___ No ___					
Total Procurement Amount \$ _____ (Include total dollar values awarded by recipient, sub-recipients and SRF loan recipients.)					
Actual MBE/WBE Procurement Accomplished: (Include total dollar values awarded by recipient, sub-recipients, SRF loan recipients and Prime Contractors.)					
	<u>Construction</u>	<u>Equipment</u>	<u>Services</u>	<u>Supplies</u>	<u>Total</u>
\$MBE:	_____	_____	_____	_____	_____
\$WBE:	_____	_____	_____	_____	_____
6. COMMENTS: (If no MBE/WBE procurements were accomplished during the reporting period, please explain what steps you are taking to achieve the MBE/WBE Program requirements specified in the terms and conditions of the Assistance Agreement.)					
7. NAME OF RECIPIENT'S AUTHORIZED REPRESENTATIVE		TITLE			
8. SIGNATURE OF RECIPIENT'S AUTHORIZED REPRESENTATIVE		DATE			

Instructions:

A. General Instructions:

MBE/WBE utilization is based on Executive Orders 11625, 12138, 12432, P.L. 102-389 and EPA Regulations Part 30 and 31. EPA Form 5700-52A must be completed by recipients of Federal grants, cooperative agreements, or other Federal financial assistance which involve procurement of supplies, equipment, construction or services to accomplish Federal assistance programs.

Recipients are required to report 30 days after the end of each federal fiscal quarter or annually, per the terms and conditions of the financial assistance agreement.

Submission dates are January 30, April 30, July 30, and October 30. The submission date for annual reports is October 30. MBE/WBE program requirements, including reporting, are material terms and conditions of the financial assistance agreement.

B. Definitions:

Procurement is the acquisition through contract, order, purchase, lease or barter of supplies, equipment, construction or services needed to accomplish Federal assistance programs.

A *contract* is a written agreement between an EPA recipient and another party (also considered "prime contracts") and any lower tier agreement (also considered "subcontracts") for equipment, services, supplies, or construction necessary to complete the project. This definition excludes written agreements with another public agency. This definition includes personal and professional services, agreements with consultants, and purchase orders.

A *minority business enterprise* (MBE) is a business concern that is (1) at least 51 percent owned by one or more minority individuals, or, in the case of a publicly owned business, at least 51 percent of the stock is owned by one or more minority individuals; and (2) whose daily business operations are managed and directed by one or more of the minority owners.

U.S. citizenship is required. Recipients shall presume that minority individuals include Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, or other groups whose members are found to be disadvantaged by the Small Business Act or by the Secretary of Commerce under section 5 of Executive order 11625. The reporting contact at EPA can provide additional information.

A *woman business enterprise* (WBE) is a business concern that is, (1) at least 51 percent owned by one or

more women, or, in the case of a publicly owned business, at least 51 percent of the stock is owned by one or more women and (2) whose daily business operations are managed and directed by one or more of the women owners.

Business firms which are 51 percent owned by minorities or women, but are in fact managed and operated by non-minority individuals do not qualify for meeting MBE/WBE procurement goals. U.S. Citizenship is required.

The following affirmative steps for utilizing MBEs and WBEs must be documented. Such documentation is subject to EPA review upon request:

1. Include of MBEs/WBEs on solicitation lists.
2. Assure that MBEs/WBEs are solicited once they are identified.
3. Divide total requirements into smaller tasks to permit maximum MBE/WBE participation, where feasible.
4. Establish delivery schedules which will encourage MBE/WBE participation, where feasible.
5. Encourage use of the services of the U.S. Department of Commerce's Minority Business Development Agency (MBDA) and the U.S. Small Business Administration to identify MBEs/WBEs.
6. Require that each party to a subgrant, subagreement, or contract award take the affirmative steps outlined here.

C. Instructions for Part I:

- 1a. Specify Federal fiscal year this report covers. The Federal fiscal year runs from October 1st through September 30th (**e.g. November 29, 2005 falls within Federal fiscal year 2006**)
- 1b. Check applicable reporting box, quarterly or annually. Also indicate if this is the last report for the project.
- 1c. Indicate if this is a revision to a previous year or quarter, and provide a brief description of the revision you are making.
- 2a-c. Please refer to your financial assistance agreement for the mailing address of the EPA financial assistance office for your agreement.

The "EPA DBE Reporting Contact" is the DBE Coordinator for the EPA Region from which your financial assistance agreement was originated. For a list of DBE Coordinators please refer to the EPA OSDBU website at www.epa.gov/osdbu. Click on "Regional Contacts" for the name of your coordinator.

- 3a-c. Identify the agency, state authority, university or other organization which is the recipient of the Federal financial assistance and the person to contact concerning this report.
- 4a. Provide the Assistance Agreement or Interagency Agreement number assigned by EPA. A separate report must be submitted for each Assistance Agreement or Interagency Agreement.

***For SRF recipients:** In box 4a list numbers for ALL open Assistance Agreements. SRF recipients will report activity for all Agreements on one form.

- 4b. Refer back to Assistance Agreement document for this information.

- 5a. Provide the total amount of the Assistance Agreement which includes Federal funds plus recipient matching funds and funds from other sources.

***For SRF recipients only:** SRF recipients will not enter an amount in 5a. Please leave 5a blank.

- 5b. Self-explanatory.

- 5c. State whether or not sub-awards and/or subcontracts have been issued under the assistance agreement by indicating "yes" or "no".

Provide the total dollar amount of all contracts/procurements awarded this reporting period by the recipient and all sub-recipients, and SRF loan recipients. For example: Actual dollars for procurement from the procuring office; actual contracts let from the contracts office; actual goods, services, supplies, etc., from other sources including the central purchasing/procurement centers).

Where requested, also provide the total dollar amount of all MBE/WBE procurement awarded during this reporting period by the recipient, sub-recipients, SRF loan recipients, and prime contractors in the categories of construction, equipment, services and supplies. These amounts include the Federal, State and local shares in the procurement awards.

***For SRF recipients only:** In 5c please enter the total procurement amount for the quarter under all of your SRF Assistance Agreements. The figure reported in this section is **not** directly tied to an individual Assistance Agreement identification number. **(SRF state recipients report state procurements in this section)**

6. If there were no MBE/WBE accomplishments this reporting period, please briefly explain what steps you are taking in furtherance of the MBE/WBE requirements specified in the terms and conditions of the Assistance Agreement.
7. Name and title of official administrator or designated reporting official.
8. Signature and month, day year report submitted.

D. Instructions for Part II:

For each MBE/WBE procurement made under this assistance agreement during the reporting period, provide the following information:

1. Check whether this procurement was made by the recipient, sub-recipient/SRF loan recipient, or the prime contractor.
2. Check either the MBE or WBE column. If a firm is both an MBE and WBE, the recipient may choose to count the entire procurement towards EITHER its MBE or WBE accomplishments. The recipient may also divide the total amount of the procurement (using any ratio it so chooses) and count those divided amounts toward its MBE and WBE accomplishments. If the recipient chooses to divide the procurement amount and count portions toward its MBE and WBE accomplishments, please state the appropriate amounts under the MBE and WBE columns on the form. **The combined MBE and WBE amounts for that MBE/WBE contractor must not exceed the "Value of the Procurement" reported in column #3**
3. Dollar value of procurement.
4. Date of award, shown as month, day, year. Date of award is defined as the date the contract or procurement was awarded, **not** the date the contractor received payment under the awarded contract or procurement, unless payment occurred on the date of award. **(Where direct purchasing is the procurement method, the**

date of award is the date the purchase was made)

5. Using codes at the bottom of the form, identify type of product or service acquired through this procurement (eg., enter 1 if construction, 2 if supplies, etc).
6. Name, address, and telephone number of MBE/WBE firm.

**This data is requested to comply with provisions mandated by: statute or regulations (40 CFR Part 30 and 31); OMB Circulars; or added by EPA to ensure sound and effective assistance management. Accurate, complete data are required to obtain funding, while no pledge of confidentiality is provided.

The public reporting and recording burden for this collection of information is estimated to average 1 hour per response annually. Burden means the total time, effort, or financial resources expended by persons to generate, maintain, retain, or disclosure or provide information to or for a Federal agency. This includes the time needed to review instructions; develop, acquire, install, and utilize technology and systems for the purposes of collecting, validating, and verifying information, processing and maintaining information, and disclosing and providing information; adjust the existing ways to comply with any previously applicable instructions and requirements; train personnel to be able to respond to a collection of information; search data sources; complete and review the collection of information; and transmit or otherwise disclose the information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Send comments on the Agency's need for this information, the accuracy of the provided burden estimates, and any suggested methods for minimizing respondent burden, including through the use of automated collection techniques to the Director, OPPE Regulatory Information Division, U.S. Environmental Protection Agency (2136), 1200 Pennsylvania Avenue, NW, Washington, D.C. 20460. Include the OMB Control number in any correspondence. Do not send the completed form to this address.

APPENDIX P

DWSRF PAYMENT REQUEST FORM

STATE REVOLVING FUND PROGRESS PAYMENT REQUEST

Payment No. _____ Final _____ Interim _____

ASO Log No. _____

Project No. C1500 _____

Project Name _____

Period Covered by This Report: From: / /
MO DA YR

To: / /
MO DA YR

County Name: _____

No. and Street: _____

City, State and Zip Code: _____

STATUS OF FUNDS

REIMBURSEMENT COMPUTATION

CLASSIFICATION		TOTAL REQUEST	INELIGIBLE/ ADJUSTMENTS	NET PAYMENT
1.	Architectural Engineer Basic Fees			
2.	Other Architectural Engineering Fees			
3.	Project Inspection Fees			
4.	Relocation Expenses			
5.	Construction and Project Improvement			
6.	Equipment			
7.	Miscellaneous			
8.	Total Cumulative to Date (sum of lines 1 thru 7)			
9.	Payment Previously Requested			
10.	Current Payment Requested			
11.	Percent of Physical Completion of Project			

I certify that based on actual project inspection, percentage on line 11 is correct and payment on this request is justified.

Signature of County Construction Inspector _____

Typed or Printed Name and Title _____

Date of Signature _____

Telephone No. (Area Code, No. & Extension) _____

I certify that to the best of my knowledge and belief, the billed costs are correct, in accordance with the loan/grant agreement and have not been previously presented for payment.

Signature of County Certifying Official _____

Typed or Printed Name and Title _____

Date Signed _____

Telephone No. (Area Code, No. & Extension) _____

Jan 19/00

APPENDIX Q

DWSRF CHANGE ORDER GUIDELINES

CHANGE ORDER GUIDELINES

A. Purpose

This document provides guidelines on the eligibility and approval of construction change orders. It is emphasized that this document only provides guidelines. It is the responsibility of the loan recipient to conduct a critical screening and thorough review of any proposed change order (costs, justification, etc.) before the change order is executed and submitted to DOH for an eligibility determination. Determination of eligibility by DOH may require additional engineering or other information not specified in these guidelines.

B. Procedural Requirements

1. Permissible Use of Change Orders

The use of change orders is limited to work within the scope of the original construction contract. Change orders which propose a substantial increase in project capacity or a change in project scope will not be approved unless the Director executes a new loan agreement or amends the scope of the existing loan.

2. Time for Submission

All change orders must be submitted to the SDWB in a timely manner for review of loan eligibility. Any change order work performed after the date of the final inspection is ineligible for funding. Only fully signed change orders will be reviewed for eligibility.

3. Negotiation

Each loan recipient is responsible for the negotiation of change orders with the contractor. Negotiations are not required where bid unit prices are used. The negotiations must include a critical screening and review

by the loan recipient or his engineer of all elements of the change order to ensure a fair and reasonable price for the required work.

4. Submission Requirements

Each change order submitted to DOH for review must include the following items:

- a. Project name and number.
- b. Names and telephone numbers of project engineer, contractor and owner.
- c. Contract change order number.
- d. Change order date of execution.
- e. Description or information identifying the change and its location on the drawings.
- f. Appropriate drawings, sketches, and specifications.
- g. Design calculations, where appropriate.
- h. Justification. Questions that should be addressed are:
 - 1) Why is this change necessary for completion of the work originally set forth by the contract?
 - 2) Why was the change order work not foreseen during the preparation of the original plans and specifications?
 - 3) What alternatives were considered for accomplishing the desired result?
 - 4) Is this the most cost-effective alternative?
 - 5) What effect will this change have on the operation and maintenance of the project?
 - 6) Other relevant questions should be addressed, if they are evident.
- i. Name and title of originator of change order request.

- j. Signatures of the applicant's authorized representative or designee, construction manager or engineer, and contractor.
- k. Time extension. All change orders must specify the time extension associated with the change order work, including no time extension when applicable.
- l. Cost and Pricing Data. A price breakdown in sufficient detail for DOH to review the necessity and reasonableness of the cost.

C. Eligibility

The review of the contract change orders by the SDWB will determine loan funding eligibility. Eligible change orders must involve construction work within the scope of the project. Change orders outside the scope of work will not be eligible, unless a supplemental loan agreement is processed to increase the scope of work.

Change order costs which exceed 5% of the original eligible construction contract will not be eligible for DWSRF funding, unless the Director approves a loan amendment to increase the loan amount.

In order for a change order to be eligible, it must meet the Allowable Cost Criteria attached to Appendix F-4. Other change order issues include:

1. Time Extension

A change order to extend the time the contractor has to finish the project shall be approved if the loan recipient is legally obligated to grant the contractor extra time under the conditions of the contract. However, a time extension for delays attributable to the loan recipient or his agent, which extends the contract schedule, will not be approved. Approval by DOH of a change order for time extension means approval to fund reasonable extended engineering and inspection costs. The loan recipient may have a legal obligation to grant a time extension if the contractor is delayed because of some situation outside of his control, such as: strikes, floods, or delays of subcontractors or suppliers arising from causes beyond their control and without the fault or negligence of both the contractor and such subcontractors

or suppliers.

A change order for the extended engineering and inspection costs must meet the eligibility tests; that is, they must be within the scope of work, and the costs must be within the funding cap.

2. Operation, Maintenance, and Repairs

Generally, the operation, maintenance and routine repairs or renovation of any existing wastewater treatment facilities during construction is the responsibility of the loan recipient and is not fundable as a change order unless it is part of the approved project and has been identified as part of the scope of work in the facility plans, concept approval or original construction contract.

3. Damage to Equipment or Completed Work; Personal Injuries

The costs of damage to equipment or completed work or the cost of personal injuries shall be handled in accordance with the original contract and general legal principles. Such costs are not fundable by change order.

4. Acceleration Costs

Acceleration costs are not loan fundable unless there is a compelling reason to have the treatment facilities operational by a certain date such as to avoid a dangerous health or public safety problem. This presupposes that neither the loan recipient nor his agent has delayed the completion date through negligence or mismanagement of the project.

5. Restrictive specifications

Specifications for equipment or material procured by change order must not contain any restrictive specifications. The entire cost of purchasing and installing any item obtained in violation of the specification requirements is not fundable.

6. Overhead and Profit

The loan recipient shall assure a fair and reasonable price for the required work.

7. Conditioned Acceptance

The loan recipient should attempt to settle all elements of a given change order on a one time basis. In the event that a contractor conditions his acceptance of a change order on the inclusion of costs for impact and delay to be determined in the future, DOH shall include the following disclaimer on the change order approval form:

"Any payment made on this conditional change order is in no way a commitment to fund additional amounts claimed by the contractor arising from this change order; requests for further funding, after payment specified here is made, will prompt the reevaluation of eligibility for the entire change order including the impact delay costs."

APPENDIX R

INFORMATION PHONE NUMBERS

INFORMATION PHONE NUMBERS

<u>Issue</u>	<u>Contact</u>	<u>Phone Number</u>
Priority List.....	Mike Miyahira Jennifer Nikaido	586-4258
Project Report Environmental Review Plans & Specs.....	Mike Miyahira Jennifer Nikaido	586-4258
Loan Application Preaward Loan Payments Loan Repayments Loan Agreement Kauai, Oahu, Big Island, Maui.....	Kevin Yoshioka	586-4294
Construction Change Orders Operations.....	Mike Miyahira Jennifer Nikaido	586-4258
Single Audit.....	Kevin Yoshioka	586-4294
Financial Capability Record Keeping.....	Kevin Yoshioka	586-4294
Disputes.....	Stuart Yamada	586-4258
Fax number for all persons listed above is		586-4351

COMPREHENSIVE EXEMPTION LIST
for the
COUNTY OF HAWAII
DEPARTMENT OF WATER SUPPLY
as approved by the
ENVIRONMENTAL QUALITY COMMISSION

August 2, 1979

Pursuant to EIS Regulation 1:33, the following types of actions, where they fall within the given classes of action, shall generally be exempt from requirements regarding preparation of an environmental assessment, negative declaration, or EIS:

Exemption Class #1: Operations, repairs or maintenance of existing structures, facilities, equipment or topographical features, involving negligible or no expansion or change of use beyond that previously existing.

1. Routine operations, repairs and maintenance on our transmission and distribution mains, pumps, reservoir and all other appurtenances necessary to effectively provide the consumers with a dependable and good supply of water for both domestic and fire protection purposes.
2. Routine operations, repairs or maintenance of base yard, reservoir, deep well, booster pump, pressure breaker tank, surface and groundwater intake, remote control valve, chlorination, and water treatment sites inclusive of all existing structures, equipment, facilities, and appurtenances necessary within the site, to normally keep the existing water supply system in operation.
3. Routine operations, repairs or maintenance of transmission and distribution pipelines, valve units, fire hydrant units, water service connections, standpipe units, and other water system appurtenances necessary for the transport and distribution of water to water consumers.
4. Routine operations, repairs or maintenance of vehicles, tools, equipment, including compressors, generators, tapping and boring machines, pipe cutters, small water pumps welding and soldering equipment, electrical testing equipment, water analysis equipment, and telemetering equipment.

Exemption Class #2: Replacement or reconstruction of existing structures and facilities where the new structure will be located generally on the same site and will have substantially the same purpose, capacity, density, height and dimensions as the structure replaced.

1. Replacement or reconstruction of existing structures, facilities, and water system appurtenances contained within existing sites for base yards, reservoirs, deep wells, booster pumps, pressure breaker tanks, surface and ground water intakes, remote control valves, chlorination, and water treatment where no change or increase is intended to the location, purpose, capacity, density, height, and dimensions.
2. Replacement or reconstruction of existing transmission and distribution pipelines, valve units, fire hydrant units, water service connections, standpipe units, and other water system appurtenances where no change or increase is intended to the location, purpose, capacity, density, height, and dimensions.
3. Replacement of vehicles, tools, equipment, including compressors, generators, tapping and boring machines, pipe cutters, small water pumps, welding and soldering equipment, electrical testing equipment, water analysis equipment, and telemetering equipment.
4. Size-for-size replacement of old, inadequate existing water systems where no change in location and purpose is intended. Replacement is confined to areas which are already or almost developed to their maximum densities, such that no increased development beyond that which zoning densities permit will occur.

Exemption Class #3: Construction and location of single, new small facilities or structures and the alteration and modification of same and installation of new, small, equipment and facilities and the alteration and modification of same including but not limited to:
(a) single family residences not in conjunction with the building of two
(2) or more such units; (b) multi-unit structures designed for not more than four (4) dwelling units

if not in conjunction with the building of two (2) or more such structures; (c) stores, offices and restaurants designed for total occupant load of twenty (20) persons or less, if not in conjunction with the building of two (2) or more such structures; (d) water, sewage, electrical, gas, telephone, and other essential public utility services extensions to serve such structures or facilities; and (e) accessory or appurtenant structures including garages, carports, patios, swimming pools, and fences.

1. Installation of fire hydrants in established communities presently without fire protection.
2. Installation of service laterals off existing mains as requested by potential customers. These laterals shall be installed within the road right-of-way.
3. Installation of pressure regulating equipment such as booster pumps, pressure reducers, etc., where the sole purpose is to be able to route water from one pressure zone to the next.
4. Addition of control valves or chlorination systems or alteration of pumps within existing reservoir or pump sites where the intent is to improve operational efficiency, dependability, or quality.
5. Installation of monitoring equipment and facilities for the sole purpose of measuring or recording the physical-chemical parameters of water quality.
6. Installation of telemetering systems on existing utility poles or facilities for the sole purpose of effective control of reservoir water levels for optimum water system operations.
7. Increasing the storage capacity of a reservoir on an existing distribution system and within existing tank site. Reservoir will be used as a pressure breaker and will provide storage for fire flow and peak hour usage.
8. Installation of new water mains to provide fire protection in existing urbanized areas.

9. Construction, location, or installation of motor control and chlorinator buildings, garages and fences which are accessory structures for base yard, reservoir, deep well, booster pump pressure breaker tank, surface and groundwater intake, remote control valve, chlorination and water treatment sites.
10. Construction, location, or installation of appurtenant water system facilities, equipment, and structures and the alteration and modification of same which includes: (a) water service connections, (b) fire hydrants, (c) pressure regulating equipment, such as booster pumps, pressure reducing and relief valves, etc., and (d) telemetering and other monitoring equipment.
11. Construction of retaining walls and rubble masonry not more than five feet in height and 200 feet in length for stabilizing embankments.

Exemption Class #4: Minor alteration in the conditions of land, water, or vegetation.

1. Incidental clearing of land or preliminary site work for surveying and geologic and hydrologic studies for water systems.
2. Incidental clearing of land or preliminary site work, for which grading permits are not required and herbicides are not used, for surveying geologic, and hydrologic studies are required for the design of a water system.
3. Routine landscaping activities within water supply facilities for which grading permits are not required.
4. Construction of dry wells or drainage structures within a water supply facility site to alleviate local drainage, provided that such structures do not pass surface flow into adjoining properties.

Exemption Class #5: Basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource.

1. Drilling and testing of exploratory wells for the purpose of determining availability and quality of a subsurface water supply.
2. Field work for purposes of gathering, surveying, scientific and engineering data for water system design (field work will be limited to routine surveying, soil exploration, and water sampling for bacteriological and chemical analyses).

Exemption Class #6: Continuing administrative activities, such as purchases for supplies and personnel-related actions.

1. Purchases of supplies, services, and equipment to support existing operations.
2. Acquisition of land or easements on which water system facilities and appurtenances are presently situated or under construction.

Exemption Class #7: Construction or placement of minor structures accessory to existing facilities.

Construction within existing Department of Water Supply property of small, new structures, such as storage sheds, offices, shower/locker facilities, and protective sheds or other structures for water system appurtenances.

Exemption Class #8: Interior alterations involving such things as partitions, plumbing, and electrical conveyances.

Installation, relocation, or removal of partitions, plumbing, electrical conveyances, doors and windows.

Exemption Class #9: Demolition of structures, except those structures located on any historic site as designated in the National Register or Hawaii Register as provided for in the Historic Preservation Act of 1966, Public Law 89-665, or Chapter 6, Hawaii Revised Statutes.

Demolition, removal, or disposal of architectural features, abandoned structures, reservoirs, and other abandoned water system appurtenances.

~~79-808~~
790802-CH-DWS
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Exemption Class #10: Zoning variances except: use, density, height, parking requirements and shoreline setback variances.

Variations from minimum building setback requirements of the Hawaii County Zoning Code.

NOTE: As stipulated by EIS Regulation 1:33(b), all exemptions under this list are inapplicable when the cumulative impact of planned successive actions of the same type, in the same place, over time, is significant, or when an action that is normally insignificant in its impact on the environment may be significant in a particularly sensitive environment.