
DRINKING WATER TREATMENT REVOLVING LOAN FUND
INTENDED USE PLAN FOR
THE STATE OF HAWAII FISCAL YEAR (SFY) 2027 AND
THE FEDERAL FISCAL YEAR (FFY) 2026 APPROPRIATION



May 19, 2026

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I. PROGRAM OVERVIEW

A. INTRODUCTION

In 1996, the Drinking Water State Revolving Fund (DWSRF) was established by Congress with the passage of Federal amendments to the Safe Drinking Water Act, hereafter referred to as “the Act” (Public Law 104-182). Section 1452 of the Act authorized the Administrator of the Environmental Protection Agency (EPA) to award capitalization grants to States for the establishment of a loan program to finance drinking water infrastructure projects necessary for public water systems to attain and maintain compliance with Act requirements and to further the health protection objectives of the Act. Portions of the Act were amended by enactment of the Water Infrastructure Improvements for the Nation (WIIN) Act of 2016 - Public Law No: 114-322 on December 12, 2016; and America’s Water Infrastructure Act of 2018 (AWIA) – Public Law No. 115-270 on October 23, 2018.

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

DWSRF is also affected by the Infrastructure Investment and Jobs Act (IIJA) – Public Law No. 117-58 (formerly also known as the Bipartisan Infrastructure Law) on November 15, 2021; and the American Relief Act, 2025, Public Law 118-158, more commonly referred to as the Supplemental Appropriation for Hurricanes Helene and Milton and Hawaii Wildfires (SA-HMW), on December 21, 2024. Both acts provide additional appropriations to Hawaii’s program.

The State of Hawaii, Department of Health (DOH) developed this Intended Use Plan (IUP) for the State Fiscal Year (SFY) 2027. This IUP will be submitted to the EPA as part of DOH’s application for the DWSRF FFY 2026 Base Capitalization Grant, IIJA, and SA-HMW Appropriations.

The DOH, Environmental Management Division, Safe Drinking Water Branch (SDWB) administers Hawaii’s DWSRF Program. Administration is in accordance with Hawaii Revised Statutes, Chapter 340E, and Hawaii Administrative Rules, Chapter 11-65.

B. DWSRF GRANTS FOR FFY 2026

DWSRF Program plans for SFY 2027 are based on funds from the FFY 2026 appropriations from the base capitalization grant; IIJA supplemental, lead service line (LSL) replacement, and emerging contaminants (EC); SA-HMW; and the state match required for the respective grants, from the Hawaii State Legislature.

Hawaii is applying for its portion of the FFY 2026 DWSRF appropriations¹ for the base capitalization grant of \$3,842,000.00 (plus 20 percent state match of \$768,400.00), IIJA general supplemental of

¹ Source : Attachment A of EPA Memo dated April 14, 2026.

\$24,888,000.00 (plus 20 percent state match of \$4,977,600.00), and EC of \$7,640,000.00². Hawaii does not intend to request FFY 2026 IIJA LSL funds. Hawaii is also requesting reallocations from the FFY 2022 and 2023 EC grants that are expected to be between \$30,000 and \$100,000; for this IUP, DOH is assuming being awarded \$30,000.00 total for both grant years.

This IUP will provide information regarding the use of the federal, state, and additional monies generated from other program sources during SFY 2027. This IUP will be amended in November/December 2026, if necessary to include additional information on unrequested or unassigned funds and changes to previously assigned funds. Details on key aspects of the Program, including the long- and short-term goals, the priority setting criteria, and a listing of projects, are included in this IUP. Final uses of Federal funds will be reflected in the SFY 2027 DWSRF Annual Report.

C. SOURCES AND Uses OF FUNDS

The projected sources and uses of all funds in the Hawaii DWSRF program are shown in Table 1 below.

Table 1. Projected Sources and Uses of Funds

SOURCES	THROUGH SFY 2026 (\$)	SFY 2027 (\$)	CUMULATIVE THROUGH 6/30/2027 (\$)
Base Federal Capitalization Grant	273,836,548.00	3,842,000.00	277,678,548.00
Base State Match	50,867,310.00	768,400.00	51,635,710.00
IIJA General Supplemental Capitalization Grant	86,930,000.00	24,888,000.00	111,818,000.00
IIJA General Supplemental State Match	13,481,300.00	4,977,600.00	18,458,900.00
IIJA Lead Service Line	15,989,591.00	0.00	15,989,591.00
IIJA Emerging Contaminants ²	30,742,000.00	7,670,000.00	38,382,000.00
SA-HMW ³	68,282,000.00	0.00	68,282,000.00
Loan Repayments	229,469,991.74	18,171,216.00	247,641,207.74
Investment Interest	14,465,476.74	2,000,000.00	16,465,476.74
Loan Fees	17,399,607.97	2,506,295.00	19,905,902.97
Transfers from Loan Fee Account to Loan Fund	29,063,672.61	1,140,000.00	30,203,672.61
<i>Total Sources</i>	<i>830,527,498.06</i>	<i>65,933,511.00</i>	<i>896,461,009.06</i>
USES			
Final Loan Agreements ⁴	617,866,890.21	139,000,000.00	716,866,890.21
Set-Asides & Administrative Support ⁵ (Base)	36,939,907.08	384,200.00	37,324,107.08
Set-Asides & Administrative Support ⁵ (IIJA)	11,464,727.14	5,781,943.00	17,246,670.14
Set-Asides & Administrative Support ⁵ (SA-HMW)	476,521.25	0.00	476,521.25
Loan Fees ⁶	14,652,911.4	1,384,305.00	16,037,216.40
EPA In-Kind Services	1,517,650.00	0.00	1,517,650.00
<i>Total Uses</i>	<i>682,918,607.08</i>	<i>146,550,448.00</i>	<i>829,469,055.08</i>
FUND BALANCE	147,608,890.98	-80,616,937.00	66,991,953.98

² Includes estimated \$30,000.00 total reallocated funds from the FFY 2022 and FFY 2023 grants.

³ Source: Attachment A of EPA Memo dated April 14, 2026.

³ Source: EPA Memo for Award and Implementation of the 2025 State Revolving Fund SA-HMW dated March 13, 2025.

⁴ Includes ARRA final loan agreements.

⁵ See Appendix D for more details.

⁶ This calculation includes the SFY 2026 budget, plus overruns.

Income from Loan Fees

Since SFY 2018, per 40 CFR §35.3530, the DWSRF utilized a single account outside the fund to collect income from loan fees. This account is primarily used to support the following:

1. Public Water System Supervision Program (PWSSP) – 25 percent match includes costs to support:
 - a. Personnel salary, fringe, and indirect for one and a half positions
 - b. Scientific supplies
2. Other SDWB activities costs to cover the budget shortages in the:
 - a. Groundwater Protection Program (GWPP)
 - i. Personnel salary, fringe, and indirect for one and three-fourth positions
 - ii. Interisland travel and other expenses for Surveillance (Protection), Training and Technical Assistance, and Public Participation
 - iii. Educational, scientific, and laboratory supplies
 - iv. Inspection training
 - v. Dues
 - b. 10 percent Cap Grant and IIJA Supplemental Set-Aside budget
 - i. Office, educational, scientific, laboratory, field survey, automotive, and computer supplies
 - ii. Other expenses such as air freight, dues, postage, printing, maintenance and repair of office equipment, scientific instruments, and buildings, subscriptions, training/registration fees, and utilities
 - iii. Hawaii Drinking Water Association Conference Support
 - c. 15 percent Cap Grant and IIJA Supplemental Set-Aside Budget – no Fees used for 15 percent Set-Aside support
 - d. Administrative 4 percent Cap Grant and IIJA Supplemental Set-Aside Budget
 - i. Personnel salary, fringe, and indirect for portion of three positions
 - ii. Interisland travel and other expenses for Surveillance (Protection), Project Review, and Training and Technical Assistance, and Public Participation Office supplies
 - iii. Audit expenses
 - e. 2 percent Cap Grant and IIJA Supplemental Set-Aside Budget - The Safe Drinking Water Branch will use \$60,000.00 in SFY 2027 to support the registration of small systems operators and board members attendance at the annual Pacific Water Conference which is a joint conference of the American Water Works Association – Hawaii Section and Hawaii Water Environment Association, and the Hawaii Rural Work Association Conference to be held in 2026 and 2027.
 - f. General Funds - Mainland and interisland travel for Surveillance (Protection), Compliance, and Training and Technical Assistance
3. DWSRF loan fund - funds within the DWSRF administrative loan fee account, less encumbrances, which are more than \$2 million are transferred each year to the DWSRF repayment accounts to be used for DWSRF loans.

EPA In-Kind Services

In-Kind Services is a portion of the allotted base capitalization grant that is withheld by EPA for various uses. There have been total withholdings of \$1,517,650.00 of in-kind expenses in SFY 2000, 2001, 2005, 2013, 2015, 2017, and 2018. There have been no in-kind services from any Hawaii-awarded grants since 2018.

Transferring Funds between SRF Programs

As of July 8, 2024, a State of Hawaii bill was signed into law (HB2453 HD1 SD2 CD1 RELATING TO WATER INFRASTRUCTURE) to authorize the grant transfer authority between the Drinking Water Treatment Revolving Loan Fund and the Water Pollution Control Revolving Fund Programs, as currently allowed under 40 CFR 35,3530(c). These transfers will be included in the IUP and annual report, as needed. No transfers occurred in SFY 2026, and none are anticipated for SFY 2027.

D. PROGRAM REQUIREMENTS

The following provide provisions that are applicable to the Hawaii DWSRF:

- Consolidated Appropriations Act (CAA) – to date, the CAA, 2027 has not yet been passed so for purposes of this IUP, we are assuming the provisions of the CAA, 2026 which became Public Law No. 119-74⁷ on January 23, 2026. This section will be updated in the next IUP amendment.
- AWIA, Public Law No. 115-270, October 23, 2018
- IJJA, Public Law No. 117-58, November 15, 2021
- ARA, Public Law No. 118-158, December 21, 2024
- General grant regulations at 40 CFR 200
- Specific conditions of the capitalization grant(s)
- Other EPA initiatives

Equivalency Projects for the respective FFY 2026 grants are listed in Appendix B.

Small System 15% Loan Prioritization

Federal regulations require the DWSRF to prioritize at least 15% of all assistance toward small systems serving fewer than 10,000 persons, to the extent possible. For SFY 2027, the DWSRF program has \$65,933,511.00⁸ available so \$9,890,026.65 should be prioritized for small system obligations, as readiness to proceed allows.

Additional Subsidization

The CAA requires the DWSRF to use 14 percent of the base capitalization grant to be provided as additional subsidy to eligible recipients. AWIA requires a minimum of 12 to 35 percent of the base capitalization to be provided as additional subsidy to Disadvantaged Communities (DAC) as defined in

⁷ <https://www.congress.gov/119/plaws/publ74/PLAW-119publ74.pdf>, Division C, Title II, State and Tribal Assistance Grants

⁸ Total sources in SFY 2027 (see Table 1)

Section V.E. The total base capitalization grant additional subsidy required is 26 to 49 percent. Required additional subsidies may be provided to non-DAC if the program does not have enough projects on the Fundable List that meet DAC criteria.

The IJJA General Supplemental and Lead Service Line funds each require 49 percent of the respective grants to be provided as additional subsidy for DAC. The IJJA Emerging Contaminants funds require 100 percent to be provided as additional subsidy, with 25 percent to DAC or public water systems serving fewer than 25,000 persons.

The ARA requires at least 30 percent of the SA-HMW to be provided as additional subsidy to eligible recipients. Hawaii's DWSRF will provide Maui Department of Water Supply with at least 60 percent of the funds as additional subsidy, plus an additional ten (10) percent for each milestone listed below, up to 90 percent total:

1. Submittal of the environmental documents completed by EPA for the affected 2023 Lahaina Wildfire area to DOH. This includes the Endangered Species Act, Section 7, and the National Historic Preservation Act, Section 106, consultations.
2. Submittal of a blanket ordinance to DOH. An ordinance is Maui County's vehicle for debt authorization. For a blanket ordinance, it sets an authorized dollar amount to borrow with the DWSRF but doesn't specify a dollar amount per loan or project.
3. Submittal of a robust final list of projects that are eligible for SA-HMW funding. This will be the sub-project list for the programmatic financing loan (Appendix A).

DWSRF will provide all additional subsidies in the form of zero percent interest loans with principal forgiveness.

Prioritization of Additional Subsidy Assignments

For SFY 2027, the Hawaii DWSRF program will prioritize awarding additional subsidy to projects that are ready to proceed, and in the following order:

1. Projects addressing contamination or acute health concerns.
2. System consolidation to address inadequate capacity.
3. Small (serving fewer than 10,000 persons, or fewer than 25,000 persons for the IJJA EC grant) or DAC, with a maximum dollar amount up to \$1M, based on a percentage of the project cost, as detailed in the tiered structure in Table 2, up to \$1M.
4. Equivalency projects, up to 50% of the project cost, unless otherwise required by a specific grant.
5. Projects in non-DAC communities and with a poverty level above five (5) percent, additional subsidy may be assigned up to the poverty percent level, as identified in a population-weighted average of the project or public water system census blocks, to account for pocket DAC.
6. Small (serving fewer than 10,000 persons, or fewer than 25,000 persons for the IJJA EC grant) or DAC, beyond the initial \$1M or maximum percentage of project cost, as stated in #3 above.

Table 2. Additional Subsidy Tiers for Small Systems based on DAC

Tier	Affordability Score	Maximum Eligible Additional Subsidy Based on Project Cost (%)
1	100	95
2	50 – 99	90
3	25 – 49	75
4	0 – 24	50

Reporting Requirements

The Hawaii DWSRF Program will report its utilization of funds through the following:

- DWSRF Annual Report,
- Drinking Water State Revolving Fund National Information Management System (DWNIMS),
- Office of Water State Revolving Funds (OWSRF) system at least quarterly, and
- Federal Funding Accountability and Transparency Act (FFATA) reporting through the System for Award Management (SAM).

Reporting will include the use of funds for eligibility, equivalency, GPR, and additional subsidization of DWSRF-funded projects.

Davis-Bacon Requirements

For FFY 2012 and each fiscal year thereafter, the requirements of section 1450(e) of the Safe Drinking Water Act (42 U.S.C. 300j-9(e)) shall apply to any construction project carried out in whole or in part with assistance made available by a drinking water treatment revolving loan fund as authorized by section 1452 of that Act (42 U.S.C. 300j-12).

Each payment request submitted by the borrower includes a signed statement that they are following the applicable labor wage rates.

American Iron and Steel (AIS)

None of the funds made available by the DWSRF shall be used for a project for the construction, alteration, maintenance, or repair of a public water system unless all items used in the project complies with the AIS requirements, pursuant to the American Recovery and Reinvestment Act, P.L. 113-76 Section 436 and 1605 and made permanent in SDWA by IJA §50102(a). This means, all materials that are majority iron or steel must be produced in the United States, unless specifically stated as exempt.

Borrowers have the option to apply the *de minimis waiver*, which allows certain incidental items to be exempt from AIS, up to five percent of the total materials cost. The cost of any individual item may not

exceed one percent of the total cost of the materials used in and incorporated into a project. If a borrower claims *de minimis* items, it will be stated and tracked in the project file.

Build America Buy America

From FFY 2022 and each fiscal year thereafter, IJA equivalency projects with loan agreements executed after May 14, 2022, will need to comply with the Build America, Buy America Act of 2021 (BABA), which expands the existing AIS requirements to include construction materials and manufactured goods. With BABA, none of the funds from DWSRF loans may be used for a project, unless all the iron, steel, manufactured products, and construction materials are produced in the United States.

Borrowers have the option to utilize the *de minimis waiver*, which allows certain items to be exempt from BABA, up to five percent of the total project cost. If a borrower claims *de minimis* items, it will be stated and tracked in the project file.

Signage

For FFY 2015 each fiscal year thereafter, the DWSRF program must comply with SRF Signage Guidelines to enhance public awareness of EPA assistance agreements nationwide. Signage is achieved on an equivalency basis of the base grant funding, the loans receiving base Federal funding will be required to comply. The borrower may select at least one of five options outlined in EPA's June 3, 2015, memo on the subject⁹.

The borrower will be notified before loan execution if this requirement will apply.

II. DWSRF LONG-TERM AND SHORT-TERM GOALS

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

A. LONG-TERM GOALS

1. To assist as many water purveyors as possible to attain compliance with State and Federal Drinking Water Regulations through the low-interest loan program.
2. To maintain the DWSRF program in perpetuity.
3. To promote sustainable infrastructure and energy efficiency.
4. To promote funding to small systems serving DAC.

⁹ Source : https://www.epa.gov/sites/default/files/2016-07/documents/guidelines_for_enhancing_public_awareness_srf.pdf

B. SHORT-TERM GOALS

1. Continue implementation of some of the recommendations from the Northbridge Environmental Management Consultants' October 2014 *Hawaii SRF Management Study for the CWSRF and DWSRF Programs* to streamline the Hawaii DWSRF program and increase the Program's pace.
2. Continue modification of the Functional Procedures and the Operating Agreement to reflect and meet the DWSRF requirements and needs.
3. Continue implementing the Financial Operations and Cash Flow Utilization in the SRF (FOCUS) financial planning model to better plan the use of funds in the DWSRF program.
4. Continue working with Northbridge on the development and implementation of the Loans and Grants Tracking System (LGTS) to track the required items, which include accounting, management, set-asides, compliance, and customer service concerns.
5. Continue marketing and outreach to offer loans to privately-owned water systems and DAC with particular focus on EC and LSL, while those funds are available.

III. DWSRF FINANCING GUIDELINES

A. DWSRF PROJECT ELIGIBILITY

The DWSRF program will fund eligible projects as defined in 40 CFR 35.3520. In general, eligible projects address present or prevent future violations of health-based drinking water standards. These include projects to replace aging infrastructure and those needed to maintain compliance or further the public health protection objectives of SDWA. All eligible projects must fall under one of the categories listed below.

- Treatment
- Transmission and distribution
- Source
- Storage
- Consolidation
- Creation of new systems

The DWSRF program will reference the *Drinking Water State Revolving Fund Eligibility Handbook*, dated June 2017¹⁰ and additional guidance from EPA that may expanded eligibility.

B. DWSRF FINANCING TERMS

¹⁰ Source : <http://health.hawaii.gov/sdwb/files/2017/06/DWSRFEligibilityHandbook.pdf>

Hawaii's DWSRF program will provide low-interest loans for construction and refinancing of eligible drinking water projects within the State. Existing debt may be refinanced upon verification by the Hawaii DWSRF program that the debt being refinanced pertained solely to the completion of a project that met the same DWSRF requirements of a construction loan. Project priority will be determined by Program guidelines as detailed in Section V, "Priority List of Projects and Project Selection Procedures" in this IUP.

In most cases, loans to eligible projects are made under terms and conditions effective at the time of financing. The following guidelines are currently in place for SFY 2027 and thereafter, depending on the ability of the fund to remain in perpetuity.

- DWSRF-eligible projects may receive up to 100 percent financing of the allowable project costs.
- DWSRF Loan Rates will remain fixed over the life of the loan.
- Loan repayment terms may be up to 20 or 30 years, or up to 40 years for DAC systems, or up to the project's anticipated useful life, whichever is shorter.
- The DWSRF Loan Rate is adjusted quarterly by averaging the Bond Buyer (BB20 for 20-year loans and BB25 for 30- or 40-year loans) index weekly rates over the quarter preceding the loan agreement date and then subtracting 150 basis points (1.50%). In this way, the DWSRF loan rate will always be lower than market rate.
- The DWSRF Loan Rate consists of a Fee Rate and Interest Rate.
- The Fee Rate is a fixed annual rate of 1.50%.
- Principal amortization for DWSRF loans begins within 18 months after construction completion or three years after the date of the final loan agreement, whichever is earlier. Repayments will continue semiannually thereafter.

IV. SET-ASIDE ACTIVITIES

The Act allows each state to set-aside up to 31 percent of each, the federal capitalization, IJJA, and SA-HMW grants to support various drinking water program activities including administration, state program management, technical assistance, and other special activities. Separate and identifiable accounts have been developed to be used for these Set-Aside Activities. Banking set-asides in the loan fund allows the funds to be used for loans now and reserves Hawaii's authority to take these funds from future capitalization grants. Set-Aside activities are outlined in Appendix D and in the narrative below.

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

Once finalized, the DWSRF program will reference the EPA Office of Water's *Analysis of the Drinking Water State Revolving Fund Set-Asides: Building the Capacity of Drinking Water Systems*

(EPA 816-R-17-004), October 2017 at https://www.epa.gov/sites/production/files/2017-10/documents/final_dwsrf_2017_report_508compliant.pdf for additional possibilities for the use of the funds to protect the drinking water of the state. The report contains examples of other states' uses of the funds, lists nine (9) different categories for set-aside activities, and provides opportunities for collaboration. The analysis of Hawaii's uses is on PDF pages 64-65 of the subject report.

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

Section 1452(g)(2) of the Act allows up to four percent (4 percent) of the DWSRF Capitalization Grant to be set-aside for administration of the DWSRF program. Administrative functions include the development, implementation and review of DWSRF program processes and documentation needs that may include, but are not limited to, financial, managerial, and legal consultation, DWSRF set-aside and funds accounting, application review, public assistance, audits, information system maintenance, record retention and filing, environmental review, development of the Intended Use Plan and Priority List of Projects, budget, workplan, plans and specifications review and approval, construction inspections and staff training.

The WIIN Act of 2016, §2103, provided “states with two additional options to calculate the maximum allowable Administration and Technical Assistance set-aside that can be taken for capitalization grants awarded after 12/16/2016. States may take up to \$400,000.00, 1/5th of a percent of the current valuation of the fund or 4 percent of capitalization grants awarded, whichever is greater” (2017 CIFA National Policy Conference presentation slide, N. Chamberlain). “No matter which of the three options the state chooses for this set-aside, funds must come from the capitalization grant and not be comingled with the loan fund.”

For SFY 2027, DOH will be using a total of \$995,520.00 available under the 4 percent set aside which is from the IJJA General Supplemental Grant. The program will bank \$153,680.00 Base Federal Grant under the 4 percent set aside.

The budget for the Base and IJJA Supplemental includes full funding of five (5) positions and partial funding of five (5) positions (salary, fringe, and indirect) which will draw \$812,773.00 within one (1) state fiscal year. The remainder for all two budgets will be used for interisland travel for Project Review, Training and Technical Assistance, and mainland travel for Training, dues, training registration fees, Loans and Grants Tracking System upgrades contract for SFY 2027, and other miscellaneous expenses and will be drawn in its entirety within two (2) state fiscal years.

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

Section 1452(g)(2) of the Act allows up to ten percent (10 percent) of the DWSRF Capitalization Grant to be set-aside to support Public Water System Supervision program activities and other initiatives of the Act. These funds support activities, which are important for the State Program to maintain primary enforcement authority and strengthen the State's Public Water System Supervision program. Activities covered under the State Program Management set-aside include, but are not limited to, Public Water System Supervision program activities, capacity development, operator certification, sanitary surveys,

regulation development and contracts for conducting sanitary surveys, security training, cross-connection training, and quality assurance and quality control measures.

For SFY 2027, DOH will be using a total of \$2,873,000.00 available under the 10 percent set-aside of which \$384,200.00 and \$2,488,800.00 is from the Base Federal Grant and the IJJA General Supplemental Grant. As mentioned in Section I.C. above for EPA In-Kind Services, will be suspended for SFY2027. The program will bank \$0.00 from the 10% IJJA Supplemental Federal Grant.

The budget includes full funding of ten (10) positions and will draw over \$1,436,683.00 of the budget within one (1) state fiscal year. The remainder of the budget will be used for related interisland and mainland travel, supplies. The projects to reorganize rules for SDWB, Backflow training, sanitary survey training, SDWIS and DWSFT upgrades, Loans and Grants Tracking System maintenance and upgrades, and other expenses and will be drawn in its entirety within two (2) state fiscal years.

For SFY 2027, DOH will be using \$384,200.00 from the Base Grant for:

- Development of a drone inspection program \$50,000.00
- Ad hoc SDWIS updates and DWSFT migration projects at \$50,000.00
- Ad hoc SDWB System Database Maintenance projects at \$50,000.00
- SDWB system tech-stack upgrade at \$234,200.00

“The WIIN Act of 2016, §2103, eliminated the statutory text mandating the additional 1:1 match for the State Program Management set-aside. For capitalization grants awarded after December 16, 2016, states are no longer required to provide the additional match to receive this set-aside” (2017 CIFA National Policy Conference presentation slide, N. Chamberlain).

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

Section 1452(g)(2) of the Act allows up to two percent of the DWSRF Capitalization Grant to be set-aside to support Small Systems Technical Assistance activities.

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

For SFY 2027, DOH will be using \$497,760.00 from the IJJA General Supplemental Grant for:

- Conference support for small systems operators to acquire continuing education credits (CEU), budgeted for \$47,760.00
- Provide continued funding support for the 2023-2025 Circuit Rider contract (partial funding with 15% set aside) for \$300,000.00

- As needed, ad hoc training and assistance in the areas, but not limited to, water conservation, lead service line, sampler and cyber security budgeted for \$150,000.00

This set-aside will be drawn in its entirety within two (2) state fiscal years (estimated to begin disbursing in January 2023). The program will bank the entire \$76,840.00 from the 2% Base Capitalization Grant and \$0.00 from the 2% IJA Supplemental Grant.

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

Section 1452(k) of the Act allows up to 15 percent (15%) of the DWSRF Capitalization Grant to be set-aside to support Local Assistance and Other State Programs.

Activities under this set-aside include, but are not limited to, wellhead protection and related source water protection activities (such as, reducing water loss through the use of audits and identification of potential improvements utilizing DWSRF funding, creating local source water protection advisory committees, development of source water protection plans and strategies, and implementing protection activities including outreach and educational programs); technical, financial and managerial capacity development and related activities (which may include vulnerability assessments, contingency and emergency response plans, and security for protecting drinking water sources); technical assistance via sanitary survey follow-ups and direct on-site assistance to address any necessary improvements to the water system; and a Circuit Rider program to address any necessary improvements to the water system. None of the individual activities listed will exceed ten percent (10%) of any year's capitalization grant.

For SFY 2027, DOH will be using \$1,933,337.00 from the 15 percent IJA General Supplemental Grant Set-Aside. This set-aside will be drawn in its entirety within two (2) state fiscal years (estimated to begin disbursing in January 2026). The program will direct the entire 15 percent Base Federal Grant Set-Aside of \$576,300.00 and balance remaining of the 15 percent IJA General Supplemental Grant Set-Aside of \$1,799,863.00 to the loan fund.

The budget includes funding of seven (7) positions (salary, fringe, and indirect) which will draw \$758,096.00 within one (1) state fiscal year. The remainder of the budget will be used for in-house project development for future source water protection activities; coordinate support for Legislative reports; conduct source water assessments; assist in collecting groundwater data with other governmental department, collect emerging contaminant samples at sources, provide Hawaii specific groundwater science expertise to support the Red Hill Administrative Consent Order, and other response actions; technical, managerial, and financial capacity assistance; various supplies; and other miscellaneous expenses. The projects or subawards to utilize the funds within two (2) fiscal years include:

- Provide funding support for the new 2026-2028 Circuit Rider contract (partial funding with 2% set aside) for \$500,000.00 or support for a new contract or extension as needed.
- Groundwater/Source Water Protection Education and Outreach Project is budgeted at \$75,000.00 and will be used within two (2) fiscal years.

- Development of a Water Shed Partnership with University of Hawaii, Hawaii Dept of Water Supply and HDOH Surface Water Protection Branch. The anticipated area of collaboration is the North Kohala Watershed on the Island of Hawaii. An estimated \$50,000.00 will be used to support fence replacement and other monitoring efforts in the watershed.

V. PRIORITY LIST OF PROJECTS AND PROJECT SELECTION PROCEDURES

A. PRIORITY LIST OF PROJECTS

Any project considered for funding must be listed on the Priority List of Projects. The latest *DWSRF Priority List of Projects for SFY 2027* is posted on the Hawaii DWSRF Website¹¹. In early 2026, the county water departments and privately-owned water systems were invited to submit proposed projects for DWSRF funding. Throughout the year, eligible borrowers may propose new projects for inclusion in the *Priority List of Projects*. A new 30-day comment period will be initiated for each major update to the *Priority List of Projects* or the IUP. The *Priority List of Projects* was developed by evaluating the proposed projects based on the Project Selection Procedures and DWSRF Project Ranking Criteria. Amendments to the Project Selection Procedures and DWSRF Project Ranking Criteria will be considered as appropriate to reflect the changing character of the Program. The *DWSRF Project Ranking Criteria* is found in Appendix C.

Projects that are eligible under the IJJA EC, IJJA LSL, and SA-HMW will be ranked on separate *Priority List of Projects* for each respective funding category. These projects will still follow the same *DWSRF Project Ranking Criteria*.

B. PROJECT RANKING CRITERIA

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

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

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

1. Address the most serious risk to human health;

¹¹ <https://health.hawaii.gov/sdwb/drinking-water-state-revolving-fund/>

2. Are necessary to ensure compliance with the requirements of the Act; and
3. Assist systems most in need, on a per household basis.

Projects are ranked against all other projects competing for funds using the DWSRF Project Ranking Criteria.

Eligible project costs will consider construction and related non-construction activities (including planning, engineering, design, etc.). The EC IIJA funding must also address PFAS or any other compound on the Contaminant Candidate List 1-5. The IIJA LSL funding is restricted to work addressing identifying and/or removing lead in service lines. For both the EC IIJA and IIJA LSL, this may include monitoring that could affect design and construction.

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

A detailed breakdown of the priority scoring model and tie breaking procedure may be found in Appendix C.

C. PROJECT BYPASS PROCEDURE

DOH will work with the water systems with the highest ranked projects on the *DWSRF Priority List of Projects* to ensure that those projects are given a chance to be funded first.

However, the final funding selection of drinking water projects from the *Priority List of Projects* will be based primarily on the system's DAC status and the project's readiness-to-proceed. Projects that are ready to proceed are prepared to begin construction and are immediately ready, to execute a final loan agreement with DOH. If, for whatever reason, a public water system is not ready-to-proceed to construction in a timely fashion, DOH may select a lower ranking project for funding based on its ability to proceed in a timely manner. Additionally, the highest-ranking public water system project that will be ready-to-proceed in that fiscal year will be prioritized to satisfy the minimum DAC funding requirement for the respective grant year. If there are no projects that meet these criteria, DOH will make this portion of the fund available to all other public water systems. These bypass procedures are necessary to ensure that the available funds will be disbursed in a timely manner.

The DOH reserves the right to fund lower priority projects over higher priority projects if in the opinion of DOH, a higher priority project has not taken the steps necessary to expeditiously prepare for funding and initiation of construction (e.g., DOH has not received the required documents to execute a loan agreement, the project is not ready-to-proceed with construction, or the public water system withdraws its project for consideration). If a project must be bypassed because it has been delayed, it will be given priority for funding as soon as it is ready, and funds become available. The DOH may also raise the priority of a project on the *Priority List of Projects* in the case of an emergency or natural disaster, such as a landslide, hurricane, flood, earthquake, etc.

To receive DWSRF funding, all projects must comply with the DWSRF and State Environmental Review Process¹² prior to commencement of construction.

D. EMERGENCY PROJECTS BYPASS PROCEDURE

If an emergency occurs, resulting in a project that needs immediate funds and attention, that project can get top priority for available funding. The DWSRF shall make the final determination that an emergency exists and if emergency funding is available, may award an emergency loan to an eligible public water system. These funds will be available for the construction, reconstruction, replacement, rehabilitation, temporary repair, or improvement necessary to continue or restore operation of a public water system that is in violation of health and safety standards due to an emergency as defined above. For purposes of this Program, emergency refers to an event like a natural disaster that causes damage or disrupts normal public water system operations and requires immediate action to protect public health and safety. A failure to maintain, replace, reconstruct, upgrade, or make necessary infrastructure improvement does not constitute an emergency.

Preference shall be given to non-governmental water systems. Loan terms for emergency projects may extend up to 40 years. If a project is bypassed because of an emergency project, it will get priority for funding as new funds become available.

E. DISADVANTAGED COMMUNITIES (DAC)

A DAC is currently defined as a community public water systems that has a total affordability score of 25 or greater (out of 100), based on the DWSRF Priority Scoring Model (Appendix C) and as demonstrated in the 2021 Hawaii Water Rates Dashboard and 2022 American Community Survey 5-Year Estimates.

“Pocket DAC” are defined as economically dis-advantaged sub-communities that geographically reside within larger, otherwise non-DAC census blocks with a poverty level greater than five percent.

Recent natural disasters have brought awareness on the significant hardship facing communities impacted; therefore, DAC now also includes systems recovering from natural disasters such as hurricane, flood, wildfire, lava flow, and earthquake.

The Hawaii DWSRF program may assist DAC by allowing water systems in such communities to extend financing of DWSRF loans up to 40 years.

F. FUNDABLE LIST OF PROJECTS

The Fundable List (Appendix A) consists of the projects on the *DWSRF Priority List of Projects for SFY 2027* that are likely to execute a loan in SFY 2027 based on potential available funds, Hawaii obligation limit, and project readiness-to-proceed.

¹² Source: State Environmental Review Process (SERP) <https://health.hawaii.gov/wastewater/files/2018/06/serp.pdf>

Per the FOCUS financial planning model using amounts as of May 16, 2026, the Program’s lending capacity is \$164M.

VI. ASSURANCES AND PROPOSALS

A. ENVIRONMENTAL REVIEW

The DWSRF program revised the State Environmental Review Process (SERP) to ensure that it meets the requirements of the federal DWSRF program. The DWSRF program provided EPA with the revised proposed SERP (to include Environmental Impact Statement [EIS] projects), which was approved by EPA’s Regional Administrator in February 2018. The DWSRF program will utilize the approved SERP to conduct environmental reviews for all eligible DWSRF funded projects.

B. FEDERAL CROSS-CUTTERS

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

C. BINDING COMMITMENT

Hawaii’s DWSRF program will enter binding commitments (loan agreements) in an amount equal to the amount of each Capitalization Grant payment (Capitalization Grant less set-aside amounts) and accompanying State Match that is deposited into the Loan Fund. These commitments must be initiated within one (1) year after receipt of each Capitalization Grant payment and will ensure compliance with the binding commitment requirement.

D. TIMELY EXPENDITURE

The State will expend all funds in the DWSRF loan fund in a timely and expeditious manner in accordance with the EPA *Drinking Water State Revolving Fund (DWSRF) National Unliquidated Obligations Strategy* of April 14, 2014, and the January 31, 2024, EPA memo on *Maximizing Water Quality and Public Health Benefits by Ensuring Expeditious and Timely Use of All State Revolving Fund Resources*.

VII. U.S. EPA’S POWER THE GREAT AMERICAN COMEBACK INITIATIVE

The Hawaii DWSRF program supports EPA’s Power the Great American Comeback initiative, to achieve the agency’s mission while energizing the greatness of the American economy while be incorporated into the strategic plan once published. According to the initiative, Powering the Great American Comeback will consist of five pillar that will guide the EPA’s work. Drinking water is incorporated in Pillar 1: Clean Air, Land and Water for Every American. This pillar represents the administration’s commitment to fulfill the agency’s mission to protect human health and the environment. Under this pillar, the agency will also prioritize emergency response efforts. All planned and prior year loans have

assisted public water systems to meet the federal and state drinking water compliance requirements. Details of Hawaii's DWSRF activities supporting the administration's revised National EPA Strategic Plan (currently pending) will be included in the SFY 2027 DWSRF Annual Report due 90 days after end of the state fiscal year, or as negotiated with EPA. A summary of loan activity for the fiscal year will be included in the report as well as details for each project. Project details will include a brief description and benefit of the project, project number, dollar amount and population served for projects financed, and the interest rate for each loan.

APPENDIX A

DWSRF FUNDABLE LIST OF PROJECTS FOR SFY 2027

DWSRF FUNDABLE LIST FOR SFY 2027

Priority Ranking	Borrower	PWS ID	Project No.	Project Name	Anticipated Loan Execution Date	Disadvantaged Community	Population	Small System Yes/No/Partial	Estimated Loan Amount (\$) ^A	Equivalency Grant ^B	Equivalency Amount (\$) ^B	Additional Subsidy Amount (\$) ^B	Green Project Reserve (GPR) Category	GPR Amount (\$)
1	Hawaiian Shores Association	156	P-DW156-0007	Water System Improvements - Phase 1	Jul-26	Yes	1,360	Yes	575,000.00	N/A	-	575,000.00	Water Efficiency	575,000.00 40
2	Hawaiian Beaches Water Company, Inc.	117	P-DW117-0001	Hawaiian Beach Tank Replacement and Meter upgrade	Jan-27	Yes	4,008	Yes	2,000,000.00	N/A	-	1,800,000.00	Water Efficiency	500,000.00
4	Kunia Village Development Corporation	303	P-DW303-EC02	New Source - Exploratory Well – Phase 3	Oct-26	Yes	650	Yes	2,218,000.00	IIJA EC	2,218,000.00	2,218,000.00	N/A	-
5	Kunia Village Development Corporation	303	P-DW303-EC05	New Source - Exploratory Well – Phase 2	Apr-26	Yes	650	Yes	450,000.00	IIJA EC	450,000.00	100,000.00	N/A	-
7	Waialua Water Association	309	P-DW309-0001	Transmission-Distribution Main Replacement	Aug-26	Yes	500	Yes	2,349,000.00	N/A	-	2,022,274.00	Water Efficiency	1,750,000.00
10	Hawaii Department of Water Supply	Multiple PWS	HDWS-PF27-28	Hawaii DWS Pro-Fi SFY 2027-2028 ^C	Jul-26	yes	125,884	Partial	5,000,000.00	N/A	-	2,000,000.00	N/A	-
11	Hawaii Department of Water Supply	Multiple PWS	HDWS-PF27-28 EQ	Hawaii DWS Pro-Fi SFY 2027-2028 Equivalency ^C	Sep-26	yes	125,884	Partial	5,000,000.00	IIJA Supplemental	2,000,000.00	2,500,000.00	N/A	-
12	Pepeekeo Water Association, Inc.	167	P-DW167-0002	PWA Water System Improvements Phase 2	Aug-26	Yes	60	Yes	1,000,000.00	N/A	-	750,000.00	Water Efficiency	750,000.00
13	Maui Department of Water Supply	214	DW214-EC01	Centralized GAC treatment Napili & Honokahua Wellfield (formerly MDWS-EC02)	Apr-26	Yes	30,209	No	5,000,000.00	IIJA EC	5,000,000.00	5,000,000.00	N/A	-
16	Hawaii Department of Water Supply	Multiple PWS	HDWS-0004	HDWS Asset Management System	Feb-26	Yes	125,884	Partial	850,000.00	IIJA Supplemental	850,000.00	850,000.00	N/A	-
18	Hawaii Water Service	205	P-DW205-0001	Kaanapali MDWS Inter-tie at 700' MDWS	Sep-26	Yes	13,742	Yes	325,000.00	N/A	-	300,000.00	N/A	-
19	Maunaolu Plantation Homeowners Association	254	P-DW254-0003	Maunaolu Replacement Reservoirs	Jan-26	Yes	100	Yes	600,000.00	N/A	-	375,000.00	N/A	-
20	Hana Water Systems LLC	201	P-DW201-0003	Wananalua Well Pump and Motor Replacement	Sep-26	Yes	816	Yes	150,000.00	N/A	-	135,000.00	N/A	-

Priority Ranking	Borrower	PWS ID	Project No.	Project Name	Anticipated Loan Execution Date	Disadvantaged Community	Population	Small System Yes/No/Partial	Estimated Loan Amount (\$) ^A	Equivalency Grant ^B	Equivalency Amount (\$) ^B	Additional Subsidy Amount (\$) ^B	Green Project Reserve (GPR) Category	GPR Amount (\$)
21	Maui Department of Water Supply	215	DW215-EC01	Olinda WTP Chlorination Upgrade	Sep-26	No	12,864	No	1,000,000.00	IJA EC	1,000,000.00	1,000,000.00	N/A	-
25	Maunaolu Plantation Homeowners Association	254	P-DW254-0002	100KW Backup Power	Jul-26	Yes	100	Yes	129,822.27	N/A	-	97,366.70	N/A	-
28	Maui Department of Water Supply	Multiple PWS	MDWS-LS02	Lead and Copper Rule Revision Compliance - Phase 2	Mar-26	Yes, for "pocket" communities only	186,888	Partial	2,121,767.43	IJA LSL	2,121,767.43	1,039,666.04	N/A	-
34	Kaua'i Department of Water Supply	415	DW415-0006	Construct Haena 0.2 MG Storage Tank	Aug-26	Yes	920	Yes	13,000,000.00	IJA Supplemental	5,000,000.00	3,000,000.00	N/A	-
36	Maui Department of Water Supply	Multiple PWS	MDWS-PF26-ARA (SLA1)	Countywide Wildfire Disaster Relief Projects ^C	Sep-26	Yes	186,888	No	250,000,000.00	ARA SA-HMW	64,469,830.00	17,522,847.00	Water Efficiency	1,000,000.00
38	Honolulu Board of Water Supply	331	DW331-0086	Kalihi Water System Improvements, Part VI	Oct-26	Yes, for "pocket" communities only	638,751	No	27,500,000.00	N/A	-	-	N/A	-
39	Honolulu Board of Water Supply	335	DW335-0017	Barbers Point 215 Water System Improvements	Oct-26	Yes, for "pocket" communities only	241,417	No	4,375,000.00	N/A	-	-	N/A	-
41	Honolulu Board of Water Supply	Multiple PWS	HBWS-PF27-28	HBWS Pro-Fi SFY 2027-2028 ^C	Jul-26	Yes, for "pocket" communities only	970,746	Partial	10,000,000.00	Base, IJA Supplemental			N/A	
42	Honolulu Board of Water Supply	331	DW331-0087	Kalihi Water System Improvements, Part III	Oct-26	Yes, for "pocket" communities only	638,751	No	5,625,000.00	N/A	-	-	N/A	-
43	Honolulu Board of Water Supply	331	DW331-0088	Aiealani Place and Welelau Place 8-inch Main	Oct-26	Yes, for "pocket" communities only	638,751	No	3,750,000.00	Base, IJA Supplemental	2,001,000.00	-	N/A	-
44	Honolulu Board of Water Supply	331	DW331-0089	Kailua Road: 8-Inch Water Main	Oct-26	Yes, for "pocket" communities only	638,751	No	1,500,000.00	IJA Supplemental	1,200,000.00	-	N/A	-
45	Honolulu Board of Water Supply	Multiple PWS	HBWS-EC01 (SLA1)	Professional Services to Address Emerging Contaminants and PFAS	Dec-25	Yes, for "pocket" communities only	970,746	Partial	2,357,086.00	IJA EC	2,357,086.00	2,357,086.00	N/A	-
47	Haiku Town Water Association, Inc.	263	P-DW263-0001	125 KW Standby Emergency Generator	Mar-26	Yes	200	Yes	117,694.77	N/A	-	80,246.83	N/A	-
48	Kaua'i Department of Water Supply	407	DW407-0003	Puu Pane (fka Kilauea) 1.0 MG Tank	Aug-26	No	3,650	Yes	18,000,000.00	Base, IJA Supplemental	7,411,369.90	2,161,500.00	N/A	-
50	Hawaii Department of Water Supply	131	DW131-0003	North Kona SCADA Improvements	Jan-27	yes	31,490	No	5,000,000.00	N/A		2,500,000.00	N/A	-

- A Loan may be executed in phases for supplemental increases up to the estimated loan amount
- B Specific details of assigned grant(s) are in the SFY 2026 IUP, Appendix B
- C Sub-projects list is below

APPENDIX B

EQUIVALENCY AND ADDITIONAL SUBSIDY ASSIGNMENTS FOR OPEN AND UPCOMING GRANTS

EQUIVALENCY AND ADDITIONAL SUBSIDY ASSIGNMENTS FOR OPEN AND UPCOMING BASE AND IIJA SUPPLEMENTAL CAPITALIZATION GRANTS

Open Grants								
SFY	FFY	Grant Type	Grant Amount (\$)	Set-Aside Amount (\$)	Equivalency Obligated in Executed Loans (\$)	Equivalency Remaining to be Obligated (\$)	Additional Subsidy Required, Minimum (\$)	Additional Subsidy Obligated in Executed Loans (\$)
2023	2022	Base	7,008,000.00	280,320.00	6,727,680.00	0.00	1,822,080.00	3,433,920.00
2023	2022	Supplemental	17,992,000.00	0.00	17,992,000.00	0.00	8,816,080.00	8,816,080.00
2024	2023	Supplemental	21,055,000.00	5,634,128.00	15,420,872.00	0.00	10,316,950.00	10,316,950.00
2025	2024	Base	4,661,000.00	646,399.00	4,014,601.00	0.00	1,211,860.00	1,830,691.60
2025	2024	Supplemental	22,985,000.00	4,985,980.00	17,999,020.00	850,000.00	11,262,650.00	5,535,062.82
2026	2025	Base	10,906,000.00	455,000.00	10,451,000.00	411,369.90	2,835,560.00	671,399.45
2026	2025	Supplemental	24,898,000.00	5,614,292.00	19,283,708.00	0.00	12,200,020.00	0.00

Closed Grants							
SFY	FFY	Grant Type	Grant Amount (\$)	Additional Subsidy Required, Minimum (\$)	Additional Subsidy Obligated in Executed Loans (\$)	Additional Subsidy Disbursed (\$)	Additional Subsidy Remaining to be Disbursed (\$)
2024	2023	Base	4,938,000.00	1,283,880.00	1,956,804.14	728,299.99	1,228,504.15

EQUIVALENCY AND ADDITIONAL SUBSIDY ASSIGNMENTS FOR OPEN AND UPCOMING IJA EMERGING CONTAMINANTS GRANTS

			Grant Year:	2022	2023	2024	2025	2026	2022 and 2023 Reallotments
Project No.	Project Name	Loan Execution Date	Loan Amount (\$)	Equivalency / 100% Additional Subsidy	Equivalency / 100% Additional Subsidy	Equivalency / 100% Additional Subsidy	Equivalency / 100% Additional Subsidy	Equivalency / 100% Additional Subsidy	Equivalency / 100% Additional Subsidy
HBWS-EC01	Professional Services to Address Emerging Contaminants and PFAS	12/15/25	2,357,086.00		2,357,086.00				
HBWS-EC01	Professional Services to Address Emerging Contaminants and PFAS (SLA1)	pending	3,435,924.00	2,138,833.00	1,000,000.00			297,091.00	
HBWS-EC02	Waipio Heights Wells and Wells I Water Treatment Design	3/15/25	956,750.00	800,000.00	156,750.00				
HBWS-EC03	Mililani Wells II Water Treatment Design	3/15/25	1,283,075.00	950,000.00	333,075.00				
HDWS-EC01	Professional Services to Address Emerging Contaminants and PFAS	4/15/26	1,710,387.00		638,833.00		1,071,554.00		
DW331-EC01	Combined Emerging Contaminants Construction Project for PWS 331 sources	pending	30,000,000.00		585,766.00	2,770,000.00	3,587,180.93	3,188,326.00	22,500.00
DW367-EC01	Mililani Wells I WTP Improvements (fka HBWS-EC04)	3/15/26	2,986,600.00	1,417,761.93	1,297,323.00		271,515.07		
DW367-EC02	Mililani Wells II Water Treatment Plan Improvements (fka HBWS-05)	pending	10,000,000.00				1,000,000.00		
DW214-EC01	Centralized GAC Treatment Napili & Honokahua Wellfield (fka MDWS-EC02)	pending	5,000,000.00		786,167.00	910,000.00	976,750.00	1,819,583.00	7,500.00
DW215-EC01	Olinda WTP Chlorination Upgrade	pending	1,000,000.00			1,000,000.00			
P-DW303-EC02	New Source - Exploratory Well -Phase 3	pending	2,960,000.00			2,960,000.00			
P-DW303-EC03	GAC and New Source Well	11/15/24	2,248,405.07	2,248,405.07					
P-DW303-EC04	New Source - Production Well	pending	2,220,000.00				1,000,000.00	1,220,000.00	
P-DW303-EC05	New Source - Exploratory Well – Phase 2	pending	485,000.00		485,000.00				
P-DW309-EC01	PFAS Water Treatment Design & Construction	pending	1,115,000.00					1,115,000.00	

EQUIVALENCY AND ADDITIONAL SUBSIDY ASSIGNMENTS FOR OPEN AND UPCOMING IJA LEAD SERVICE LINES GRANTS

		Grant Year:		2022		2024		2022 and 2023 base
Project No.	Project Name	Loan Execution Date	Loan Amount (\$)	Equivalency	Additional Subsidy	Equivalency	Additional Subsidy	Additional Subsidy
HBWS-LS01	HBWS LCRR Compliance	10/15/24	7,900,950.92			7,900,950.92	3,692,114.36	
HDWS-LS01	HDWS LCRR Compliance	3/15/24	3,588,723.00	3,588,723.00	1,870,061.77		179,351.59	1,539,309.64
KDOW-LS01	KDOW LCRR Compliance	4/15/24	875,747.00	875,747.00	290,485.28			
MDWS-LS01	Compliance with Lead and Copper Rule Revisions	7/15/24	1,502,402.65	1,502,402.65	763,220.55			
MDWS-LS02	Compliance with Lead and Copper Rule Revisions, Ph 2	pending	2,121,767.43	2,121,767.35	1,039,666.00	0.08	0.04	

APPENDIX C
DWSRF PROJECT RANKING CRITERIA

DWSRF PROJECT RANKING CRITERIA

SUMMARY OF THE PROJECT PRIORITIZATION MODEL

Calibration Methodology – 300 total points, four sections

SECTION	% OF BASE POINTS	POINTS INCLUDED
Drinking Water Quality & Public Health	40%	120 ⁱ
Affordability	33%	100
Compliance and Enforcement	17%	50
Sustainability/Resiliency	10%	30
TOTAL	100%	300 possible

PRIORITY SCORING MODEL

SECTION I: DRINKING WATER QUALITY & PUBLIC HEALTH	120 POSSIBLE
Project addresses a documented waterborne disease outbreak associated with the system within the last 24 months	30
Project corrects or prevents violations of federal or state MCLs (primary standards) ⁱⁱ <ul style="list-style-type: none"> • Nitrate, nitrite, TCR, PFAS • Microorganisms (Giardia lamblia, Cryptosporidium, Legionella) • Disinfection byproducts (TTHMs, HAA5), 1,2,3-Trichloropropane (TCP) • Other regulated contaminants 	<div style="display: flex; flex-direction: column; gap: 5px;"> 25 15 10 5 </div>
*Points are additive in this section	
Project corrects or prevents inadequate treatment techniques that are unable to satisfy the requirements for (maximum of 15 points): <ul style="list-style-type: none"> • Surface water • GWUDI • Groundwater • Lead and Copper Rule 	15
Project corrects exceedances of secondary drinking water standards (aesthetics – color, smell, etc.) as identified in Title 40 Chapter I Subchapter D Part 143 Subpart A § 143.3 Secondary maximum contaminant levels ⁱⁱⁱ	10
Project will correct or prevent (one selection only): <ul style="list-style-type: none"> • Inadequate distribution due to system deterioration (e.g., experiencing multiple line breakages) or loss of supply • Inadequate distribution due to chronic low pressure • Inadequate storage (either through capacity or condition of tank) 	<div style="display: flex; flex-direction: column; gap: 5px;"> 15 10 5 </div>

SECTION II: AFFORDABILITY^{iv}	100 POSSIBLE
Poverty level in project area <ul style="list-style-type: none"> • >20% • 15%- 19.99% • 10% - 14.99% • 5% -9.99% • <5% 	40 30 20 10 0
User Fees (proposed annual median residential fees/area MHI) ^v <ul style="list-style-type: none"> • Rates are >2.0% of service area’s MHI • Rates are between 1.5% and 2% of the service area’s MHI • Rates are between 1% and 1.49%of the service area’s MHI • Rates are between 0.5% and 0.99% of the service area’s MHI • Rates are <0.5% of the service area’s MHI 	30 20 10 5 0
Unemployment in project area <ul style="list-style-type: none"> • >15% • Between 10% - 14.99% • Between 6% - 9.99% • Between 3% - 5.99% • <3% 	30 20 10 5 0

SECTION III: COMPLIANCE AND ENFORCEMENT	50 POSSIBLE
Project addresses an enforcement action by DOH and the facility is currently in violation of SDWA limitations.	50
Project addresses a facility’s voluntary efforts to resolve a possible violation and will mitigate the issuance of an enforcement action.	25
System is currently meeting all requirements.	15

SECTION IV: SUSTAINABILITY AND RESILIENCY	30 POSSIBLE
<p>Project promotes sustainable utilities and/or communities through a utility management plan that:</p> <ul style="list-style-type: none"> • Secures a replacement fund for the rehabilitation and replacement of aging and deteriorating infrastructure (project cost will deplete PWS reserves, funding needed to maintain a reserve fund) • Provides sufficient revenues to meet O&M and capital needs • Demonstrates that the facility has maintained licensed/certified operators, adequate staffing to properly operate and maintain the facility and will continue to do so • Incorporates a fix-it-first planning methodology, where existing infrastructure is repaired and maintained before construction of new facilities. <p>*Points are additive in this section</p>	5 pts each
<p>Project addresses climate resiliency by incorporating one or more of the following (maximum of 5 points):</p> <ul style="list-style-type: none"> • Installation of physical barriers • Equipment hardening/waterproofing • Prevention of saltwater damage • Water efficiency, conservation and/or reuse • Drought mitigation measures ^{vi} • Energy Efficiency/Neutrality • Emergency Response and Recovery Planning (emergency generators, etc.) 	5
<p>Project incorporates wet weather management by implementing green infrastructure systems at utility structures and surrounding footprint</p>	5

NOTES:

ⁱ Violations of more than one contaminant are additive, which may result in significant exceedances of the total base points. This structure captures needs for repeat violations and provides indicators for both chronic and acute health hazards. This section is the most heavily weighted of the five sections included in the scoring model.

ⁱⁱ This accommodates repeat violations and provides indicators for both chronic and acute health hazards.

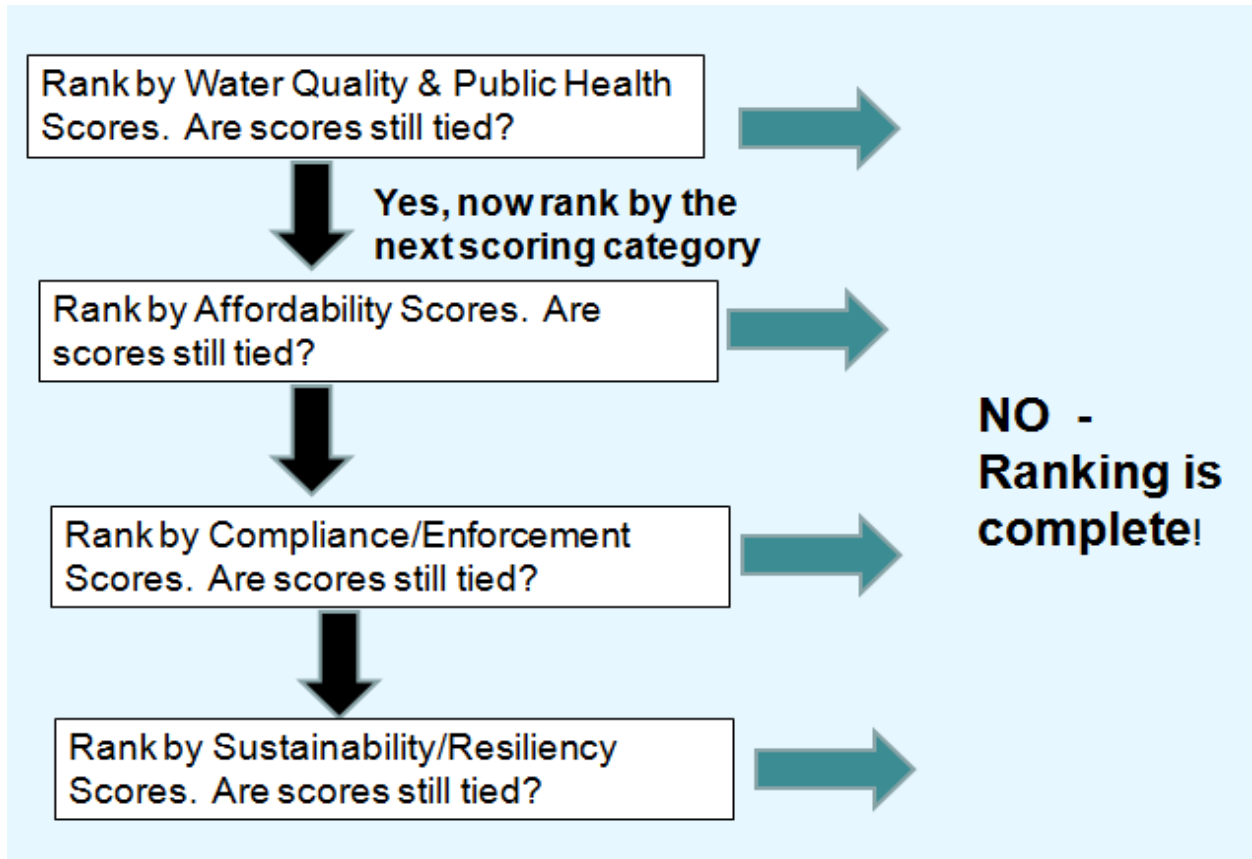
ⁱⁱⁱ <https://www.ecfr.gov/current/title-40/chapter-I/subchapter-D/part-143/subpart-A>

^{iv} Affordable housing units without true water rates to residents are assumed to have a default of \$25/month median household utility rates, unless specified. Census information is based on 2023 American Community Survey 5-year Estimates by Census Tracts. Unemployment based on Department of Research & Economic Analysis & Tourism Local Area Unemployment Statistics updated 3/22/24. Non-community water systems will not receive any points in this category.

^v Based on annual total median residential water bills, including base fees in addition to volumetric charges.

^{vi} Includes leak detection programs, conservation pricing, interconnections between utilities, drilling new wellheads, emergency water distribution, aquifer storage and recovery.

TIE BREAKING



APPENDIX D

**SET-ASIDES AND ADMINISTRATIVE SUPPORT OVERVIEW FOR
FFY 2026 GRANTS**

BASE FEDERAL CAPITALIZATION GRANT

SDWA Act Set-Aside and Administrative Support Reference	Set-Aside & Admin Support Activity	Maximum Set-Aside FFY 2026 Capitalization Grant Funds (\$)	Banked Set-Aside FFY 2026 Capitalization Grant Funds (\$)	Actual Budget SFY 2027 (\$)
Section 1452 (g) (2) – (4%)	DWSRF Administration Fund	440,040.00	440,040.00	0.00
Section 1452 (g) (2) – (10%)	State Program Management	1,100,100.00	645,100.00	455,000.00
Section 1452 (g) (2) – (2%)	Small Systems Technical Assistance	220,020.00	220,020.00	0.00
Section 1452 (k) – (15%)	Local Assistance and Other State Programs	1,650,150.00	0.00	0.00
Section 1452(g)(2) as amended by WIIN Act of 2016, Section 2103 - 1/5% of the current valuation of the fund	DWSRF Administration Fund	0.00	0.00	0.00
Total Set-Asides & Admin Support		3,410,310.00	1,305,160.00	455,000.00
Total Banked Set-Asides FFY 1997-2025 Capitalization Grant Funds			\$7,366,189.00	

IIJA GENERAL SUPPLEMENTAL CAPITALIZATION GRANT

SDWA Act Set-Aside and Administrative Support Reference	Set-Aside & Admin Support Activity	Maximum Set-Aside FFY 2026 IIJA Grant Funds (\$)	Banked Set-Aside FFY 2026 IIJA Grant Funds (\$)	Actual IIJA Budget SFY 2027 (\$)
Section 1452 (g) (2) – (4%)	DWSRF Administration Fund	995,920.00	0.00	995,920.00
Section 1452 (g) (2) – (10%)	State Program Management	2,489,800.00	0.00	2,489,800.00
Section 1452 (g) (2) – (2%)	Small Systems Technical Assistance	497,960.00	137,960.00	360,000.00
Section 1452 (k) – (15%)	Local Assistance and Other State Programs	3,734,700.00	0.00	1,733,366.00
Section 1452(g)(2) as amended by WIIN Act of 2016, Section 2103 - 1/5% of the current valuation of the fund	DWSRF Administration Fund	0.00	0.00	0.00
Total Set-Asides & Admin Support		7,718,380.00	137,960.00	5,579,086.00
Total Banked Set-Asides FFY 2022-2025 BIL Grant Funds			\$383,676.00	

APPENDIX E

FFY 2026 BASE FEDERAL, IJA, AND SA-HMW GRANT PAYMENTS AND DISBURSEMENT SCHEDULE FOR FFY 2027 AND 2028

GRANT PAYMENTS AND DISBURSEMENT SCHEDULE FOR FFY 2027 AND 2028

FFY	2027				2028				Totals
Quarter	1	2	3	4	1	2	3	4	
Application for EPA Loan Payments (\$)									
Base	0.00	3,457,800.00	0.00	0.00	0.00	0.00	0.00	0.00	3,457,800.00
IIJA Supp.	0.00	18,972,583.00	0.00	0.00	0.00	0.00	0.00	0.00	19,106,057.00
IIJA EC	0.00	7,640,000.00	0.00	0.00	0.00	0.00	0.00	0.00	7,857,000.00
SA-HMW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Application for Set-Asides Payments (\$)									
Base	48,025.00	48,025.00	48,025.00	48,025.00	48,025.00	48,025.00	48,025.00	48,025.00	384,200.00
IIJA Supp.	1,295,515.75	1,295,515.75	1,295,515.75	1,295,515.75	149,970.00	149,970.00	149,970.00	149,970.00	5,915,417.00
IIJA EC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SA-HMW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
								TOTAL	36,587,000.00
DWSRF Loan Disbursements (BASE+IIJA+SA-HMW, incl Cap Grant, State Match, & Repayments & Investment Interest) (\$)	27,967,137	25,618,982	22,165,936	25,881,624	23,185,807	17,316,366	16,923,262	8,902,031	167,961,145

HAWAII AUTHORITY REQUEST BY SET-ASIDE CODE FFY 2027

FFY	DATE	Amount	Description	Site Code
27Q1	October 1, 2026	\$ -	4% Admin	DD
27Q1	October 1, 2026	\$ -	2% SSTA	DE
27Q1	October 1, 2026	\$ 48,025.00	10% PWSS	DF
27Q1	October 1, 2026	\$ -	15% Local	DG
27Q1	October 1, 2026	\$ 248,880.00	IIJA4% Admin	DD
27Q1	October 1, 2026	\$ 62,220.00	IIJA2% SSTA	DE
27Q1	October 1, 2026	\$ 618,825.00	IIJA10% PWSS	DF
27Q1	October 1, 2026	\$ 365,590.75	IIJA15% Local	DG
27Q2	January 1, 2027	\$ 3,457,800.00	Loan Fund	DA
27Q2	January 1, 2027	\$ -	4% Admin	DD
27Q2	January 1, 2027	\$ -	2% SSTA	DE
27Q2	January 1, 2027	\$ 48,025.00	10% PWSS	DF
27Q2	January 1, 2027	\$ -	15% Local	DG
27Q2	January 1, 2027	\$ 19,106,057.00	IIJA Loan Fund	DA
27Q2	January 1, 2027	\$ 248,880.00	IIJA4% Admin	DD
27Q2	January 1, 2027	\$ 62,220.00	IIJA2% SSTA	DE
27Q2	January 1, 2027	\$ 618,825.00	IIJA10% PWSS	DF
27Q2	January 1, 2027	\$ 365,590.75	IIJA15% Local	DG
27Q2	January 1, 2027	\$ 7,640,000.00	IIJA EC Loan Fund	DA
27Q3	April 1, 2027	\$ -	4% Admin	DD
27Q3	April 1, 2027	\$ -	2% SSTA	DE
27Q3	April 1, 2027	\$ 48,025.00	10% PWSS	DF
27Q3	April 1, 2027	\$ -	15% Local	DG
27Q3	April 1, 2027	\$ 248,880.00	IIJA4% Admin	DD
27Q3	April 1, 2027	\$ 62,220.00	IIJA2% SSTA	DE
27Q3	April 1, 2027	\$ 618,825.00	IIJA10% PWSS	DF
27Q3	April 1, 2027	\$ 365,590.75	IIJA15% Local	DG
27Q4	July 1, 2027	\$ -	4% Admin	DD
27Q4	July 1, 2027	\$ -	2% SSTA	DE
27Q4	July 1, 2027	\$ 48,025.00	10% PWSS	DF
27Q4	July 1, 2027	\$ -	15% Local	DG
27Q4	July 1, 2027	\$ 248,880.00	IIJA4% Admin	DD
27Q4	July 1, 2027	\$ 62,220.00	IIJA2% SSTA	DE
27Q4	July 1, 2027	\$ 618,825.00	IIJA10% PWSS	DF
27Q4	July 1, 2027	\$ 365,590.75	IIJA15% Local	DG
28Q1	October 1, 2027	\$ -	4% Admin	DD
28Q1	October 1, 2027	\$ -	2% SSTA	DE
28Q1	October 1, 2027	\$ 48,025.00	10% PWSS	DF
28Q1	October 1, 2027	\$ -	15% Local	DG
28Q1	October 1, 2027	\$ -	IIJA4% Admin	DD
28Q1	October 1, 2027	\$ 62,220.00	IIJA2% SSTA	DE
28Q1	October 1, 2027	\$ 3,375.00	IIJA10% PWSS	DF
28Q1	October 1, 2027	\$ 84,375.00	IIJA15% Local	DG

FFY	DATE	Amount	Description	Site Code
28Q2	January 1, 2028	\$ -	4% Admin	DD
28Q2	January 1, 2028	\$ -	2% SSTA	DE
28Q2	January 1, 2028	\$ 48,025.00	10% PWSS	DF
28Q2	January 1, 2028	\$ -	15% Local	DG
28Q2	January 1, 2028	\$ -	IIJA4% Admin	DD
28Q2	January 1, 2028	\$ 62,220.00	IIJA2% SSTA	DE
28Q2	January 1, 2028	\$ 3,375.00	IIJA10% PWSS	DF
28Q2	January 1, 2028	\$ 84,375.00	IIJA15% Local	DG
28Q3	April 1, 2028	\$ -	4% Admin	DD
28Q3	April 1, 2028	\$ -	2% SSTA	DE
28Q3	April 1, 2028	\$ 48,025.00	10% PWSS	DF
28Q3	April 1, 2028	\$ -	15% Local	DG
28Q3	April 1, 2028	\$ -	IIJA4% Admin	DD
28Q3	April 1, 2028	\$ 62,220.00	IIJA2% SSTA	DE
28Q3	April 1, 2028	\$ 3,375.00	IIJA10% PWSS	DF
28Q3	April 1, 2028	\$ 84,375.00	IIJA15% Local	DG
28Q4	July 1, 2028	\$ -	4% Admin	DD
28Q4	July 1, 2028	\$ -	2% SSTA	DE
28Q4	July 1, 2028	\$ 48,025.00	10% PWSS	DF
28Q4	July 1, 2028	\$ -	15% Local	DG
28Q4	July 1, 2028	\$ -	IIJA4% Admin	DD
28Q4	July 1, 2028	\$ 62,220.00	IIJA2% SSTA	DE
28Q4	July 1, 2028	\$ 3,375.00	IIJA10% PWSS	DF
28Q4	July 1, 2028	\$ 84,375.00	IIJA15% Local	DG

\$ per quarter allowed to be drawn; authority to take funds - for 8 quarters starting 10/1/2026.

APPENDIX F
NOTICE OF PUBLIC PARTICIPATION & INPUT

NOTICE OF PUBLIC PARTICIPATION & INPUT

I. Public Notice Activity

Pursuant to 40 CFR 35.3150, a notice of public participation and input was published on the Department of Health's (DOH) website (<http://health.hawaii.gov/sdwb/drinking-water-state-revolving-fund/>) from May 19, 2026 to June 18, 2026, to consider the proposed *Drinking Water Treatment Revolving Fund Intended Use Plan (IUP) for The State of Hawaii Fiscal Year (SFY) 2027 and The Federal Fiscal Year (FFY) 2026 Appropriation*.

Evidence of the publication of the public notices are on-file in the Safe Drinking Water Branch office at Uluakupu Building 4, 2385 Waimano Home Road, Suite 110, Pearl City, Hawaii 96782-1400.

II. Summary

The solicitation of public participation and input on the IUP from May 19, 2026 to June 18, 2026.

[did/did not] require changes that are highlighted throughout this draft and are summarized below.

GAUDENCIO C. LOPEZ, P.E., CHIEF
Safe Drinking Water Branch

State of Hawaii
Notice of Public Participation and Input on the Proposed
Drinking Water Treatment Revolving Loan Fund (DWTRLF)
Intended Use Plan (IUP) for the State of Hawaii Fiscal Year (SFY) 2027 and
The Federal Fiscal Year (FFY) 2026 Appropriation
Docket No. 26-SDWB-SRF-10

Pursuant to Chapters 342 and 91, Hawaii Revised Statutes; Section 101(e) of Public Law 92-50; and the U.S. Environmental Protection Agency Regulations, 40 CFR 35.2015; notice was hereby given that a public comment period was initiated to allow public participation and input on the Intended Use Plan for SFY 2027.

The U.S. Environmental Protection Agency provides grants to the State of Hawaii annually to construct drinking water facilities and support other drinking water program activities. During SFY 2027, Hawaii is applying for allocations for the FFY 2026 base capitalization grant, Infrastructure Investment and Jobs Act (formerly the Bipartisan Infrastructure Law) Supplemental and Emerging Contamination (EC) grants, of \$3,842,000.00, \$24,888,000.00, \$7,640,000.00, and reallocations from FFY 2022 and 2023 EC grants, \$1,000.00 and \$29,000.00 respectively. To utilize the federal and matching state revolving funds, proposed projects must be prioritized and listed in the *DWSRF Priority List of Projects for SFY 2027*.

Upon written request, a public hearing may be scheduled. Requests for a public hearing must be received by the Safe Drinking Water Branch by **June 18, 2026**. If a public hearing is deemed appropriate, a second public notice will be published with the date, time, and location of the public hearing.

Information regarding the SFY 2027 Intended Use Plan may be obtained by calling or writing to the Safe Drinking Water Branch Oahu address noted below. If, due to disability, you have special needs for commenting on the proposed Intended Use Plan, please contact the Safe Drinking Water Branch Oahu address noted below or call (808) 586-4258 (voice).

Oahu

Safe Drinking Water Branch/Hawaii DOH
Uluakupu Building 4
2385 Waimano Home Road, Suite 110
Pearl City, Hawaii 96782-1400
Telephone: (808) 586-4258
Email: DOH.DWSRF@doh.hawaii.gov
Contact: Judy Hayducsko