

To receive DWSRF funding, all projects must comply with the DWSRF and State Environmental Review Process⁸ prior to commencement of construction.

E. 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 30 years. If a project is bypassed because of an emergency project, it will get priority for funding as new funds become available.

F. DISADVANTAGED COMMUNITIES (DAC)

The DWSRF is authorized to provide 12 to 35 percent of the base capitalization grant for any fiscal year to assist DAC. A DAC is currently defined as a public water system's community with a total affordability score of 25⁹ or greater (out of 100), based on the DWSRF Priority Scoring Model and as demonstrated in the 2021 Hawaii Water Rates Dashboard and Hawaii 2015-2019 American Community Survey 5-year Estimates by Census Tracts & Legislative Districts. Additionally, the program is expanding DAC designation to areas that are considered disadvantaged on the Climate and Economic Justice Screening Tool¹ that would otherwise not meet the original DAC criteria of the DWSRF Priority Scoring Model.

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

G. FUNDABLE LIST OF PROJECTS

For SFY 2024, projects listed in Tables 7.1, 7.2, and 7.3 may be funded up to 100 percent of the eligible pre-construction and construction cost from the *DWSRF Priority List of Projects for SFY 2024* (see Appendix A) based on potential available funds and readiness-to-proceed.

Per the FOCUS financial planning model using amounts as of July 31, 2023, the Program's lending capacity is \$65M. The DWSRF plans to execute approx. \$64.2M in new loans for all grant sources.

⁸ Source: State Environmental Review Process (SERP) <https://health.hawaii.gov/wastewater/files/2018/06/serp.pdf>

⁹ Affordability score of 25 is a reduction from 30 in the previous year.