



**HAWAIIAN HOME LANDS**  
HAWAIIAN HOMES COMMISSION  
DEPARTMENT OF HAWAIIAN HOME LANDS

**Hawaiian Homes Commission meeting  
January 27-28, 2020 – Agenda Item G-2**

**US Department of Agriculture  
Water and Environmental Program  
financing**

# **Workshop Agenda**

- I. Introduction and Background**
- II. Ho'olehua water improvements project**
- III. Anahola water improvements project**
- IV. US Department of Agriculture WEP project financing**
  - a. Grant Set-Aside funds**
  - b. Benefits and Challenges**
- V. Next Steps**

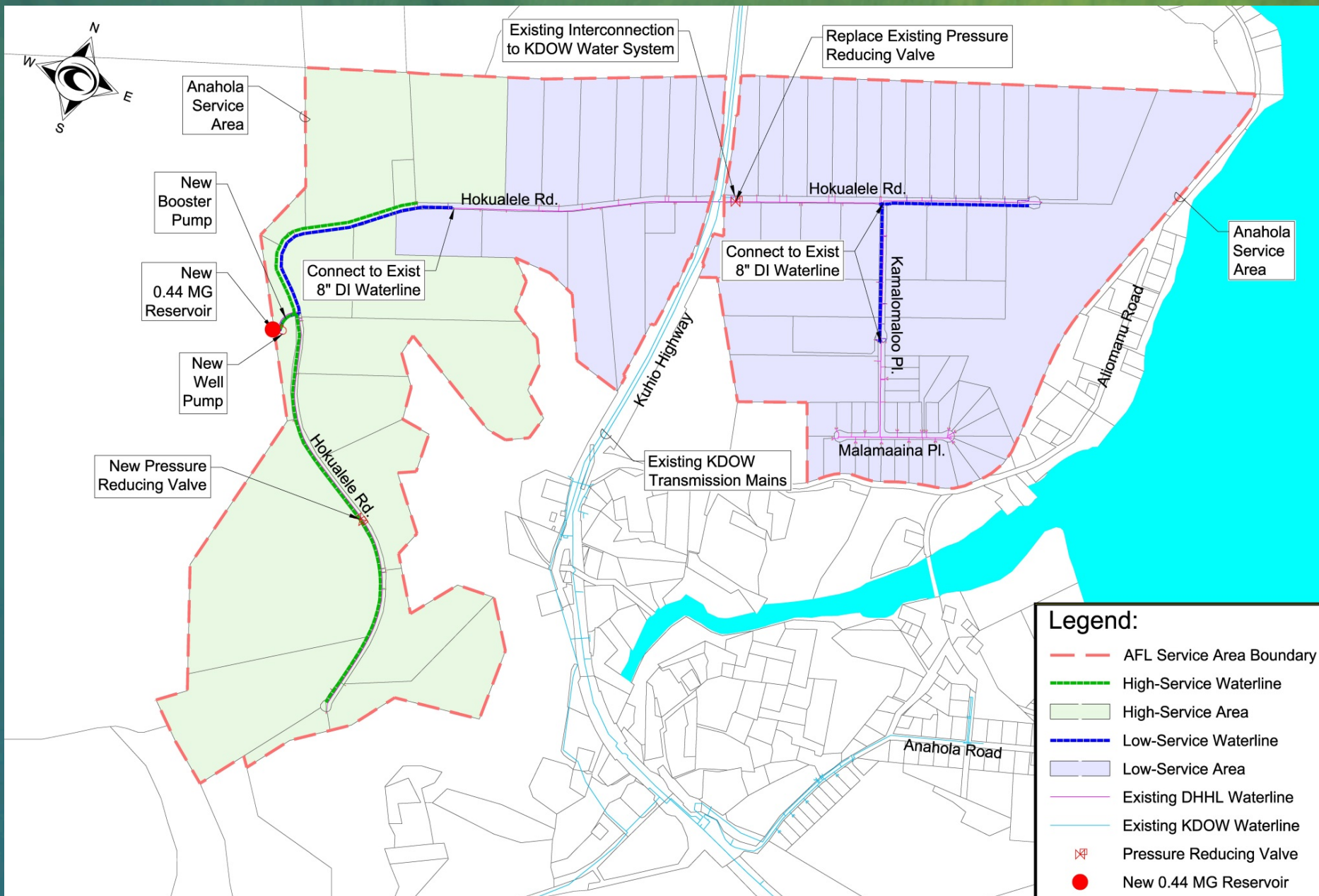
# Introduction and Background

- Major capital improvements needed for DHHL water systems – Ho‘olehua (Moloka‘i) and Anahola (Kaua‘i)
- In 2016 and 2018, DHHL was awarded over \$28M in federal grant and loan funds
- DHHL committed to provide a contribution of over \$16M

Refer to HHC Items H-1 and H-2, November 2018



# PROJECT SITE MAP



# **Anahola Farm Lots Water System improvements — Need for Project**

- **Aging infrastructure**
  - **0.5 MG steel storage tank has reached its useful life**
  - **Replace distribution lines, meters, backflow preventers, fire hydrants**
- **Inconsistent water pressure**
- **Improve system safety and security**
  - **Emergency inter-tie with County water system is highly vulnerable to vandalism**

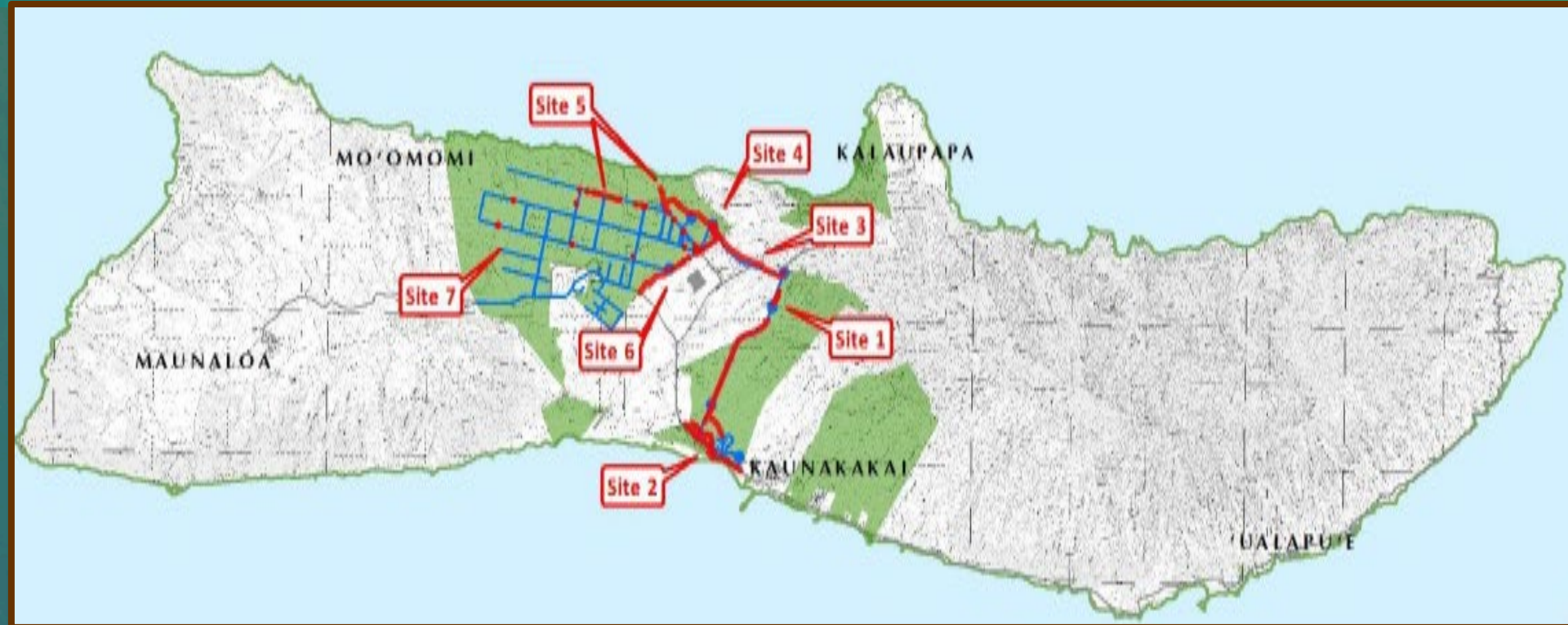
# **Anahola Farm Lots Water System Improvements – Project Objectives**

- **Increase operational efficiencies and system reliability**
- **Address water pressure issues**
- **Repair/replace system components including distribution lines, fire hydrants, water meters and backflow preventers**
- **Improve system safety and security**

**Project estimated cost = \$13 million**



# Hoolehewa Water System



**Multiple Improvement Projects  
Proposed In Seven Areas**

# **Hoolehua Water System improvements**

## **Need for Project**

- **Aging infrastructure**
- **Low water pressure**
- **Un-accounted for water due to leaks**
- **High energy costs to run the well pumps**
- **System components are inaccessible 24/7**
- **System is vulnerable to vandalism**
- **Maintenance building is inadequate to store water system equipment and supplies**



# Project Objectives

- Increase operational efficiencies and system reliability
- Reduce energy costs
- Achieve 24/7 access to system components
- Address water pressure issues
- Repair/replace system components
- Increase fire protection
- Improve system safety and security

Project estimated cost = \$31.3 million

# US Department of Agriculture Water Environment Program

- Provides funding for clean and reliable drinking water systems, sanitary sewage disposal, sanitary solid waste disposal, and storm water drainage in eligible rural areas, with populations < 10,000.
- This is primarily a loan program. Grants may be combined with a loan based on several factors.
- WEP loans are offered at very low interest rates, up to 40-year re-payment term.

# **US Department of Agriculture Water Environment Program**

**A word about the  
USDA Set-Aside grant funds**



# Benefits

- ✓ Leverages State CIP & DHHL Trust resources by 1.75 federal / DHHL
- ✓ Allows DHHL to implement much-needed improvements in a timely manner
- ✓ Improvements needed to protect public health & safety, increase operational efficiencies, keep water rates affordable

# USDA WEP Requirements

## Challenges

Challenge	DHHL response
5-year Federal statutory limit to spend down all funds	DHHL target to start construction by July 2020
WEP rules on priority order for spend down	DHHL will advance its own funds
Interim construction loan	DHHL intends to self-fund construction
USDA grant funds disbursed on a reimbursement basis	DHHL may request reimbursement as frequently as monthly
State versus Federal construction documents	DHHL and USDA negotiated final documents
Federal loan documents	DHHL and USDA negotiating

# NEXT STEPS

**Implement the USDA RD WEP Funds**

**Refer to:**

**Tables on “Sources and Uses”**

**Exhibit E Anahola and Exhibit F Ho‘olehua**



# Anahola – Budget Planning Purpose

## Refer to Exhibit E

### TABLE 1 - Sources

(1) DHHL	(2) USDA Loan	(3) USDA 2016 Grant	(4) USDA 2018 Grant	TOTAL
\$3,770,723	\$4,100,000	\$3,055,137	\$1,999,946	\$12,925,806

### TABLE 2 - Uses

Planning, Design, CM, Phase 1	Phase 1 (continued)	Phase 2	Phase 2 (continued) Other costs	TOTAL
\$3,770,723	\$4,100,000	\$3,055,137	\$1,999,946	\$12,925,806

This is not a spend down plan.  
Information subject to change.

# Anahola – Budget Planning Purpose

## Refer to Exhibit E

**TABLE 3**  
**DHHL Budget Need**

	(1) DHHL	(2) USDA Loan	(3) USDA 2016 Grant	(4) USDA 2018 Grant	TOTAL
	\$3,770,723	\$4,100,000	\$3,055,137	\$1,999,946	\$12,925,806
<b>Budget secured</b>	\$3,770,723	\$1,260,639	\$0	\$0	\$5,031,362
Encumbered by contract	\$3,770,723	\$1,260,639	\$0	\$0	\$5,031,362
<b>Additional funds needed</b>	\$0.00	\$2,839,361	\$3,055,137	\$1,999,946	\$7,894,444 <b>\$8,000,000</b> <b>Rounded</b>

**\$4.1 M will be reimbursed by the USDA Loan**  
**\$5.1 M will be reimbursed by the USDA Grants**

# Ho'olehua – Budget Planning Purpose

## Refer to Exhibit F

### TABLE 1 - Sources

(1) DHHL	(2) USDA Loan	(3) USDA 2016 Grant	(4) USDA 2018 Grant	TOTAL
\$12,273,250	\$7,455,000	\$10,011,750	\$1,592,333	\$31,332,333

### TABLE 2 - Uses

Planning, Design, CM, Package 1	Package 1 (continued)	Package 1 (continued) Package 2, 3, 4	Package 3 (continued) Other costs	TOTAL
\$12,273,250	\$7,455,000	\$10,011,750	\$1,592,333	\$31,332,333

This is not a spend down plan.  
Information subject to change.



# Ho'olehua – Budget Planning Purpose

## Refer to Exhibit F

**TABLE 3**  
**DHHL Budget Need**

	(1) DHHL contribution \$12,273,250	(2) USDA Loan \$7,455,000	(3) USDA 2016 Grant \$10,011,750	(4) USDA 2018 Grant \$1,592,333	TOTAL \$31,332,333
<b>Budget secured</b>	\$12,273,250	\$7,301,924	\$0	\$0	\$19,575,174
<b>Encumbered by contract</b>	\$1,825,174	\$0	\$0	\$0	\$1,825,174
<b>Additional funds needed</b>	\$0	\$153,076	\$10,011,750	\$1,592,333	\$11,757,159 <b>\$12,000,000</b> <b>Rounded</b>

**\$7.5 M will be reimbursed by the USDA Loan**  
**\$11.6 M will be reimbursed by the USDA Grants**

# Next Steps

- **DHHL to execute the construction contracts**
- **DHHL to negotiate, finalize and execute the USDA WEP loan terms and conditions**

# *Mahalo*