

STATE OF HAWAII
DEPARTMENT OF HEALTH
P. O. Box 3378
Honolulu, HI 96801-3378
doh.testimony@doh.hawaii.gov

**Testimony COMMENTING on SB2658
MAKING AN EMERGENCY APPROPRIATION TO FUND A GRANT TO THE
BOARD OF WATER SUPPLY FOR EMERGENCY OPERATIONS, FUTURE
PLANNING, AND GROUND WATER REMEDIATION**

SENATOR JARRETT KEOHOKALOOLE, CHAIR
SENATE COMMITTEE ON HEALTH
SENATOR LORRAINE R. INOUYE, CHAIR
SENATE COMMITTEE ON WATER AND LAND

Hearing Date: 2/14/2022

Room Number: 229/Videoconference

1 **Fiscal Implications:** This measure, as written, would interfere with the current funding
2 mechanism for ongoing Department of Health's (department's) operations relating to Red Hill.
3 In addition, this measure may impact the priorities identified in the Governor's Executive Budget
4 Request for the department's appropriations and personnel priorities.

5 **Department Testimony:** The department appreciates the intent of this measure, to support the
6 Board of Water Supply (BWS)'s response to the ongoing environmental and health crisis relating
7 to Red Hill. The bill description states that this bill makes an emergency appropriation *to* the
8 leaking underground storage tank (UST) fund to fund a grant to BWS, however, section 3 of the
9 bill (page 1 lines 13 to 16) only makes an appropriation *out of* the leaking UST fund. The bill as
10 currently written would interfere with an important funding mechanism for the department's
11 ongoing work.

12 The leaking UST revolving fund supports the department's ongoing Red Hill-related
13 work under the 2015 Administrative Order on Consent (AOC) in addition to the response to the
14 November 2021 release. The department has already encumbered \$300,000 of the \$400,000
15 appropriation ceiling for the fund and expects to encumber the remainder for department
16 expenses related to the November 2021 release.

1 Since the leaking underground storage tank fund is a revolving fund with money being
2 reimbursed by responsible parties after being spent, replenishing the fund takes time. Under the
3 department's current agreement with the Navy, it can take up to a year for AOC contract work to
4 be encumbered, documented, charged, claimed, reimbursed, and the monies deposited back to
5 the fund. Thus, we need to ensure that we have a sufficient balance in the account to allow for
6 continued or additional release response work.

7 The leaking underground storage tank fund is also intended to be used to fund the
8 department's response at leaking UST sites that do not have a viable responsible party, so money
9 should be readily available in the fund for such situations. Without reimbursements from these
10 types of situations, we will see definitive decreases in our overall fund balance and can only rely
11 on incoming penalty collections to restore our balance. The average penalty collection over the
12 last five years is about \$53,000 per year, ranging from about \$15,000 to \$107,000 per year.

13 In order to ensure continuity of departmental operations and available funding for
14 department response at leaking UST sites that do not have a viable responsible party, the
15 department requests a ceiling increase of an additional \$1 million.

16 **Offered Amendments:**

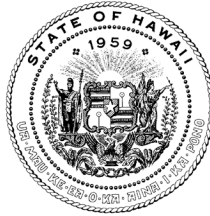
17 (1) The Department respectfully offers the following to replace section 3 of the bill.

18 SECTION 3. There is appropriated out of the general revenues of the state of Hawaii the
19 sum of \$_____ or so much thereof as may be necessary for fiscal year 2021-2022 as a grant-
20 in-aid to the City and County of Honolulu Board of Water Supply for emergency operations,
21 future planning, and remediation resulting from the contamination of the southern Oahu basal
22 aquifer.

23 (2) Measure should be amended to increase the leaking UST fund ceiling to \$1.4 million.

24 Thank you for the opportunity to testify on this measure.

DAVID Y. IGE
GOVERNOR OF
HAWAII



SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

M. KALEO MANUEL
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

Testimony of
SUZANNE D. CASE
Chairperson

Before the Senate Committees on
HEALTH
and
WATER AND LAND

Monday, February 14, 2022
1:00 PM

State Capitol, Conference Room 229 & Videoconference

In consideration of
SENATE BILL 2658
MAKING AN EMERGENCY APPROPRIATION TO FUND A GRANT TO THE
BOARD OF WATER SUPPLY FOR EMERGENCY OPERATIONS, FUTURE
PLANNING, AND GROUND WATER REMEDIATION

Senate Bill 2658 proposes to appropriate an unspecified amount of funds from the Department of Health's leaking underground storage tank fund as a grant award to the O'ahu Board of Water Supply pursuant to Chapter 42F, Hawaii Revised Statutes, to be used for emergency operations, future planning, and remediation resulting from the contamination of the southern Oahu basal aquifer. **The Department of Land and Natural Resources (Department) appreciates the intent of this measure and offers the following comments.**

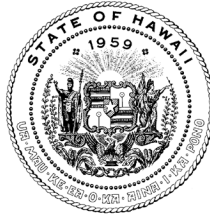
The November 2021 Navy Red Hill fuel release and resulting contamination caused an unprecedented threat to the Moanalua and possibly Waimalu aquifer systems. The Honolulu Board of Water Supply has implemented immediate risk management activities to prevent the contamination of its nearby water sources by shutting off the Hālawā Shaft, Hālawā Wells, and 'Aiea Wells for an indefinite time period. The Honolulu Board of Water Supply will be challenged to meet its customers' increased water demand during the upcoming dry season with nearly 14 million gallons per day of sources suddenly becoming unavailable. The Department believes that along with emergency operations, planning and remediation, the Honolulu Board of Water Supply must also increase its public outreach and education water conservation campaigns to aggressively curtail customer demands. The Department believes that there is opportunity for reducing

Honolulu Board of Water Supply's per capita demand in the Honolulu service area, which is estimated to be approximately 150 gallons per person per day.

The Department understands that the Department of Health is currently utilizing the leaking underground storage tank funds to conduct emergency program activities related to the Navy Red Hill fuel release. We defer to the Department of Health on whether there is adequate funding to continue these emergency operations and whether it is appropriate to award a grant to the Honolulu Board of Water Supply from the leaking underground storage tank fund.

Thank you for the opportunity to comment on this measure.

DAVID Y. IGE
GOVERNOR OF
HAWAII



SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

M. KALEO MANUEL
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
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COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
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KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

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The November 2021 Navy Red Hill fuel release and resulting contamination caused an unprecedented threat to the Moanalua and possibly Waimalu aquifer systems. The Honolulu Board of Water Supply has implemented immediate risk management activities to prevent the contamination of its nearby water sources by shutting off the Hālawā Shaft, Hālawā Wells, and 'Aiea Wells for an indefinite time period. The Honolulu Board of Water Supply will be challenged to meet its customers' increased water demand during the upcoming dry season with nearly 14 million gallons per day of sources suddenly becoming unavailable. The Department believes that along with emergency operations, planning and remediation, the Honolulu Board of Water Supply must also increase its public outreach and education water conservation campaigns to aggressively curtail customer demands. The Department believes that there is opportunity for reducing

Honolulu Board of Water Supply's per capita demand in the Honolulu service area, which is estimated to be approximately 150 gallons per person per day.

The Department understands that the Department of Health is currently utilizing the leaking underground storage tank funds to conduct emergency program activities related to the Navy Red Hill fuel release. We defer to the Department of Health on whether there is adequate funding to continue these emergency operations and whether it is appropriate to award a grant to the Honolulu Board of Water Supply from the leaking underground storage tank fund.

Thank you for the opportunity to comment on this measure.

BOARD OF WATER SUPPLY

CITY AND COUNTY OF HONOLULU
630 SOUTH BERETANIA STREET
HONOLULU, HI 96843
www.boardofwatersupply.com



February 14, 2022

RICK BLANGIARDI, MAYOR

BRYAN P. ANDAYA, Chair
KAPUA SPROAT, Vice Chair
RAY C. SOON
MAX J. SWORD
NA'ALEHU ANTHONY

JADE T. BUTAY, Ex-Officio
DAWN B. SZEWCZYK, Designate Ex-Officio

ERNEST Y. W. LAU, P.E.
Manager and Chief Engineer

ELLEN E. KITAMURA, P.E.
Deputy Manager and Chief Engineer

The Honorable Jarrett Keohokalole, Chair
and Members
Senate Committee on Health
Hawaii State Capitol
Conference Room 229 & Via Videoconference
Honolulu, Hawaii 96813

The Honorable Lorraine Inouye, Chair
and Members
Senate Committee on Water and Land
Conference Room 229 & Via Videoconference
Honolulu, Hawaii 96813

Dear Chair Keohokalole, Chair Inouye, and Members:

Subject: Senate Bill 2658: Relating to Making an Emergency Appropriation to Fund A Grant To The Board of Water Supply for Emergency Operations, Future Planning and Ground Water Remediation

The Honolulu Board of Water Supply (BWS) strongly supports Senate Bill (SB) 2658.

This bill would make an emergency appropriation out of the leaking underground storage tank fund to enable a grant to the BWS for emergency operations, future planning, and remediation resulting from the contamination of Oahu's sole-source groundwater aquifer provided the Department of Health (DOH) seeks to enter into a memorandum of understanding with the U.S. Navy to reimburse the DOH for the full amount of the appropriation.

The BWS is extremely disappointed that despite the Navy's repeatedly assuring legislators, regulators, and the public that it would comply with the emergency order and defuel the Red Hill Bulk Fuel Storage Facility (Red Hill) tanks, the Navy and the Department of Defense have chosen to appeal the emergency order and prioritize the storage of fuel above our irreplaceable drinking water aquifer over than the health and safety of the people of Oahu. Although testing conducted to date indicates that the water served from the BWS' drinking water wells remains compliant with standards for safe drinking water, sampling from under and around the Red Hill facility, including testing of the Navy's drinking water at its Red Hill Shaft, has demonstrated the

The Honorable Jarrett Keohokalole, Chair
The Honorable Lorraine Inouye, Chair
and Members
February 14, 2022
Page 2

existence of petroleum contamination in the very aquifer that the people of Oahu rely upon for clean drinking water. The release of fuel from the Red Hill facility has already caused the BWS to incur costs and take responsive actions to address the potential impacts to Oahu's drinking water. Now the BWS has been forced to shut off its Halawa Shaft and its Halawa Wells and Aiea wells, reducing its capacity to provide water service to its customers and ratepayers. The BWS' ability to manage its resources has already been significantly impacted by the numerous episodic fuel releases from the Red Hill facility and bolstering resources for emergency operations, future planning, and remediation is of critical importance to the BWS and its customers. Ensuring funding is available to the BWS to offset some of the costs already incurred and to support future water resource protection measures is an important first step.

The BWS appreciates the legislature's leadership expressed in SB 2658 and only suggests a correction of a minor typographical error in Sections 2 and 3 of the text. The term "Oahu board of water supply" should be replaced with "Honolulu Board of Water Supply."

Thank you for your consideration of our testimony concerning SB 2658.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Ernest Y.W. Lau".

ERNEST Y.W. LAU, P.E.
Manager and Chief Engineer

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEES ON HEALTH AND WATER AND LAND
ON
SENATE BILL NO. 2658

February 14, 2022
1:00 p.m.
Room 229 and Videoconference

**MAKING AN EMERGENCY APPROPRIATION TO FUND A GRANT TO THE BOARD
OF WATER SUPPLY FOR EMERGENCY OPERATIONS, FUTURE PLANNING, AND
GROUND WATER REMEDIATION**

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill (S.B.) No. 2658 appropriates an unspecified amount out of the Leaking Underground Storage Tank (LUST) Fund in FY 22 to the Department of Health to fund a grant to the O'ahu Board of Water Supply to be used for emergency operations, future planning, and remediation.

B&F notes that pursuant to Section 9 of Article VII of the Constitution of the State of Hawai'i, no appropriation bill, except bills recommended by the Governor for immediate passage, or to cover the expenses of the Legislature, shall be passed on final reading until the supplemental appropriations bill has been transmitted to the Governor. It is unclear if S.B. No. 2658 is recommended by the Governor for immediate passage because the bill is not included in the Governor's Package or is designated by the Governor for immediate passage.

B&F also notes that there is limited funding available in the LUST Fund. Currently, the LUST Fund has an unencumbered cash balance of approximately \$1,300,000.

Thank you for your consideration of our comments.



Senate Committee on Health
Senate Committee on Water and Land

Chairs Jarrett Keohokalole and Lorraine Inouye
Vice Chairs Rosalyn Baker and Gilbert Keith-Agaran

February 14, 2022, 1:00 P.M., Conference Room 229 and Videoconference

**SB2658 - Emergency Appropriation; Board of Water Supply; Ground Water
Remediation; Red Hill Storage Fuel Facility**

TESTIMONY

Nancy Davlantes, Legislative Committee, League of Women Voters of Hawaii

Chairs Keohokalole and Inouye; Vice Chairs Baker and Keith-Agaran;
and Committee Members:

The League of Women Voters of Hawaii supports the intent of SB 2658 which would make an emergency appropriation to the leaking underground storage tank fund to fund a grant to the Oahu Board of Water Supply for emergency operations, future planning, and remediation resulting from the contamination of the Southern Oahu Basal Aquifer; provided that the Department of Health seeks to enter into a memorandum of understanding with the United States Navy to reimburse the Department of Health for the full amount of the appropriation.

The final tally for the expenditures already outlaid for the Red Hill aquifer contamination have yet to added up, but they are large and getting larger. In addition to what the Board of Water Supply has had to shell out, the Department of Defense owes the families displaced from their homes and forced to live in hotels for the past two months while still being billed for rent on the homes they haven't been able to live in.

Details of this reckoning have yet to be worked out, but there is no doubt the Navy owes it to the people of Hawaii do whatever it takes to make this island whole before the trust and loyalty the military has long enjoyed evaporates completely. However this complicated situation is resolved, we should at least begin by funding the needs of the BWS as it seeks to restore our water supply and ensure that it will be free of fuel leaks from 80-year-old underground tanks that never should have been installed 100 feet above an irreplaceable aquifer.

Thank you for the opportunity to submit testimony.

SB-2658

Submitted on: 2/13/2022 12:39:52 AM

Testimony for HTH on 2/14/2022 1:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Kimeona Kane	Individual	Support	No

Comments:

Aloha nui kākou,

E ola i ka wai!

WE must protect our water resource.

Mahalo nui,

Kimeona Kane

SB-2658

Submitted on: 2/13/2022 12:28:59 PM

Testimony for HTH on 2/14/2022 1:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Herinah Asaah	Individual	Support	No

Comments:

Why the delay? Why was this brought to the legislature a full month after we were notified of the water contamination? Why was immediate action not taken? Instead of serving the people, as is the role of the government, you all were playing the blame game. While military families and local Hawaii natives were rearranging their routines to accommodate the loss of clean running water, what was being done? I hope that the solutions proposed in this measure come into effect in the near future, but with the way things are already going, I doubt that hope will come into fruition.

There's no doubt that I am extremely annoyed at the slow government reaction to this water crisis, but I would like to thank you for at least hearing my concerns, and hopefully taking them to heart so that you can move forward and work together for a way to give us back our clean water.

SB-2658

Submitted on: 2/13/2022 7:58:57 PM

Testimony for HTH on 2/14/2022 1:00:00 PM

LATE

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Susan Pcola_Davis	Individual	Support	No

Comments:

STRONGLY SUPPORT