

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 HOUSE COMMITTEES ON HEALTH, HUMAN SERVICES, &
HOMELESSNESS AND ENERGY & ENVIRONMENTAL PROTECTION
ON
SENATE BILL NO. 3124, S.D. 1

March 22, 2022
11:15 a.m.
Room 329 and Videoconference

MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HEALTH
FOR COSTS RESULTING FROM THE RELEASE OF PETROLEUM FROM THE RED
HILL BULK FUEL STORAGE FACILITY

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

Senate Bill No. 3124, S.D. 1, appropriates an unspecified amount in general funds in FY 22 to the Department of Health for response and enforcement activities relating to the petroleum leaks at the Red Hill Bulk Fuel Storage Facility.

B&F notes that, with respect to the general fund appropriation in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and

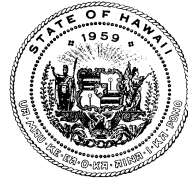
- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.



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

**Testimony in SUPPORT of SB3124 SD1
MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF
HEALTH FOR COSTS RESULTING FROM THE RELEASE OF PETROLEUM
FROM THE RED HILL BULK FUEL STORAGE FACILITY**

REPRESENTATIVE RYAN I. YAMANE, CHAIR
HOUSE COMMITTEE ON HEALTH, HUMAN SERVICES, & HOMELESSNESS
REPRESENTATIVE NICOLE E. LOWEN, CHAIR
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Hearing Date: 3/22/2022

Room Number: 329/Videoconference

1 **Fiscal Implications:** This measure would provide funding for the Department of Health's
2 (department's) ongoing emergency response to the current water contamination crisis,
3 enforcement, and other activities related to releases from the Red Hill Bulk Fuel Storage Facility.

4 **Department Testimony:** The department supports this measure, which would provide
5 appropriations for fiscal year 2021-2022 for the department's ongoing emergency response,
6 enforcement, and other activities related to historic releases and the November 2021 release from
7 the Red Hill Bulk Fuel Storage Facility.

8 The department requests this additional funding to ensure cash flow and operational
9 continuity for the ongoing emergency response, regulatory oversight, and enforcement. This
10 ongoing crisis is fluid and the lack of an appropriation may hamper the scope and speed of the
11 department's response. The department of health will seek cost recovery from the United States
12 Navy, but receiving reimbursement will take time. Receiving payment from responsible parties
13 typically takes six months to one year. Funds are needed on a faster timeline to help carry the
14 department's critical work through to next fiscal year. Expenses include water sampling and
15 testing, supplies, staff overtime, and expert consulting fees. Expense categories are listed in more
16 detail in section 2 of the bill, from page 2 line 4 to page 3 line 8.

1 In addition, it is important not to deplete department funding sources while waiting for
2 cost recovery because the Hazard Evaluation and Emergency Response (HEER) Office and/or
3 Environmental Management Division may be called upon to respond to other emergencies that
4 require funding from the same sources.

5 **Offered Amendments:** None.

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

BOARD OF WATER SUPPLY

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



March 22, 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, P.E., Ex-Officio

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

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

The Honorable Ryan Yamane, Chair
and Members
House Committee on Health, Human Services, & Homelessness
Conference Room 329 & Videoconference
Honolulu, Hawaii 96813

The Honorable Nicole Lowen, Chair
and Members
House Committee on Energy & Environmental Protection
Conference Room 329 & Videoconference
Honolulu, Hawaii 96813

Dear Chair Yamane, Chair Lowen and Members:

Subject: Senate Bill 3124, SD1: Relating to Making an Emergency Appropriation to the Department of Health for Costs Resulting from the Release of Petroleum from the Red Hill Bulk Fuel Storage Facility


The Honolulu Board of Water Supply (BWS) strongly supports Senate Bill (SB) 3124, Senate Draft (SD) 1.

This bill would make an emergency appropriation to the Department of Health (DOH) for response activities and enforcement relating to the petroleum leaks at the Red Hill Bulk Fuel Storage Facility.

The Joint Base Pearl Harbor Hickam (JBPHH) water crisis and the fuel contamination of the Navy's Red Hill Shaft water source is causing the DOH to incur tremendous costs to take responsive actions to address the public health impacts of the fuel releases and imposing unprecedented strain on the DOH existing resources. Ensuring funding is available to the DOH for emergency response action is critical for ensuring the safety and health of the people of Hawaii.

Thank you for your consideration of our testimony concerning SB3124, SD1.

Very truly yours,


Digitally signed by Ernest
Y.W. Lau
Date: 2022.03.18
17:13:33 -10'00'

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



To: The House Committee on Health, Human Services, & Homelessness (HHH)
and
The House Committee on Energy and Environmental Protection (EEP)
From: Sherry Pollack, Co-Founder, 350Hawaii.org
Date: Tuesday, March 22, 2022, 11:15am

In support of SB3124 SD1

Aloha Chairs Yamane and Lowen, Vice Chairs Tam and Marten, and members of the HHH and EEP committees,

I am Co-Founder of the Hawaii chapter of 350.org, the largest international organization dedicated to fighting climate change. 350Hawaii.org **supports** this measure which makes an emergency appropriation to provide funds for the Department of Health (DOH) for response activities and enforcement relating to the petroleum leaks at the Red Hill Bulk Fuel Storage Facility.

SB3124 SD1 seeks to protect our islands' most precious resource from fuel contamination. The presence of leaky fuel tanks at Red Hill and the Navy's mismanagement of this crisis directly impacts the health and quality of life of Oahu's residents, and will continue to for generations to come. Hawaii's drinking water supply is already at risk due to the effects of climate change. All the more reason to ensure we take great care in protecting our aquifer from fuel contamination, or any other source of pollution, keeping it safe for current and future generations.

Additional funding for the DOH is needed to ensure they have the capacity for the ongoing emergency response, regulatory oversight, and enforcement of the water crisis created by the Navy's fuel contamination of the Red Hill Shaft water source. The contamination of our precious drinking water has created a major health crisis and it is essential for the DOH to take responsive actions to address the public health impacts of the fuel releases.

Thank you for the opportunity to testify on this very important bill.

Sherry Pollack
Co-Founder, 350Hawaii.org



**House Committees on Health, Human Services, & Homelessness /
House Committee on Energy & Environmental Protection**

Tuesday, March 22nd, 2022, 11:15a.m.

Hawai'i Alliance for Progressive Action Supports: SB3124 SD1

Aloha Chairs Yamane/Lowen, Vice Chair Tam/Marten and Members of the Committees,

On behalf of the Hawai'i Alliance for Progressive Action (HAPA) I am submitting testimony in **support of SB3124 SD1.**

Mahalo for hearing SB3124 SD1, which makes an emergency appropriation to the Department of Health for response activities and enforcement relating to the petroleum leaks at the Red Hill Bulk Fuel Storage Facility.

SB3124 SD1 seeks to protect our islands' most precious resource from fuel contamination. The presence of leaky fuel tanks at Red Hill and the Navy's mismanagement of this crisis directly impacts the health and quality of life of Oahu's residents, and will continue to for generations to come. Some of our staff and many of our supporters are directly affected by this crisis. Our water is precious and we all have a duty to protect our islands' source of life for present and future generations.

The legislature must do all that it can to remove the threat of something far worse happening to our water supply, both now and for future generations to come. O'ahu's residents are facing a serious crisis which will continue for years. Board of Water Supply's Ernie Lau said that the Hālawā shaft – which was shut down as a precaution following the Navy's Red Hill well contamination – could be shut down for years, even permanently.

We cannot allow 80-year-old underground storage tanks that store up to 187 million gallons of fuel per day and that pose such an immense threat of leaking and contaminating our environment and water supply to operate 100 feet above O'ahu's sole-source drinking water aquifer.

Navy officials cannot be trusted to protect our water. They have lied time and time again. The following reasons explain why the legislature must act since the Navy has failed to:

- The Navy lied about an active leak at Pearl Harbor for months, discovering the leak in January 2021 but not informing Health Department officials until May. This was revealed in whistleblower emails and documents in October.
- A whistleblower also told the Department of Health in September that Navy officials provided false testimony and withheld information about the full extent of the Facility's infrastructure, including connected pipelines, as well as "historical records of corrosion issues, including holes in tanks" at its Red Hill fuel facility during legal proceedings.
- The Navy suspended use of its Red Hill water shaft on November 28, but the public only found out on December 1. The Navy continues to confuse and gaslight community members.

- Hundreds of community members reported chemical smells in their water on November 28 and then health issues on November 29, which the Navy refused to acknowledge as a potential health concern until the state Department of Health advised residents to not drink the clearly contaminated water.
- A day after the Navy said it had detected diesel in its 'Aiea Hālawā well at levels more than double the DOH safety limit, the military backtracked, saying the contaminated sample "did not come directly" from the well and the Navy does not believe the result proves the well is contaminated.
- They continue to not be transparent despite agreeing to the Administrative Order of Consent, which requires them to be more forthcoming about operations at the Red Hill facility.
- The BWS Hālawā shaft will be shut down until fuel is removed from the tanks and may not reopen for years to come. This shaft was a source of water for South O'ahu from Hālawā to Maunāluā. The BWS has advised that mandatory water conservation measures will now need to be in place in the summer of 2022.
- The Navy "flushed" Red Hill contaminants for days in violation of Department of Health requirements despite repeated warnings. This risked long-lasting effects on birds, plants, fish, and other aquatic life from petroleum contamination

The Department of Health has agreed that the situation is inherently dangerous. DOH said that a water sample taken from the Red Hill drinking water shaft on December 5 confirmed the water is contaminated with "high levels" of petroleum and gasoline. The sample detected total petroleum hydrocarbons diesel range organics levels 350 times above the DOH Environmental Action Level (EAL) for drinking water, and gasoline range organics more than 66 times the DOH EAL.

The Red Hill facility – the fragile, antiquated fuel tanks and supporting systems – has a long history of leaking fuel into the surrounding environment and has already contaminated O'ahu's primary drinking water aquifer. Shutting down Red Hill immediately and entirely is the only way to guarantee the safety of our water and our people.

The Facility's tanks, each with a 12.5 million-gallon capacity, had a quarter-inch thick steel liner when first constructed nearly 80 years ago. They are encased in aging concrete and the steel liners have been corroding to the point where many through-wall holes have been found and in some areas they are one-third of their original thickness.

These tanks have leaked 180,000 gallons of fuel since they were constructed and the Navy's own risk assessment from 2018 concluded that the probability of an acute leak of between 1,000 and 30,000 gallons (independent of any earthquake risk) over the next ten years is 96%. The Navy cannot prove that the tank or tank system will not leak regulated substances into the environment.

Approximately 93,000 people living in military housing have been unable to use their water for over two months. If the Navy water system is further compromised, our housing crisis will mushroom.

Lower levels of petroleum products were also found in samples collected from the Aliamanu Child Development Center as well as homes located on the Navy's water system.

It's absolutely critical that the State Legislature take action immediately to address this major threat to Honolulu's water supply.

Please pass SB3124 SD1.

Mahalo for your consideration,

A handwritten signature in black ink, appearing to read "Anne Frederick". The signature is fluid and cursive, with a long horizontal stroke at the end.

Anne Frederick
Executive Director

SB-3124-SD-1

Submitted on: 3/18/2022 5:19:00 PM

Testimony for HHH on 3/22/2022 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
lynne matusow	Individual	Support	Written Testimony Only

Comments:

i am in full support and expect the navy (aka SNAFU) to fully reimburse the state.

SB-3124-SD-1

Submitted on: 3/19/2022 11:49:05 AM

Testimony for HHH on 3/22/2022 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Jennifer Azuma Chrupaluk	Individual	Comments	Written Testimony Only

Comments:

I only support this bill under the auspice that it is to serve for the health of the people, and not the statistics of the facility.

SB-3124-SD-1

Submitted on: 3/19/2022 4:37:50 PM

Testimony for HHH on 3/22/2022 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Susan Pcola_Davis	Individual	Support	Remotely Via Zoom

Comments:

Strongly support SB3124 SD1

I support ANY money being put forth for this catastrophe. It is a worst case scenario waiting to happen.

The department of health will pursue cost recovery from the United States Navy. It will take time for the Navy to even agree that the DOH should be repaid.

These legitimate funds are needed in advance of any cost recovery to pay for expenses incurred, including:

- My own input: Monitoring all non DOH personnel, maintaining the integrity of the processes, managing to work with the NAVY, EPA etc. working continuously to salvage our contaminated water by thorough review of all documents, an enormous task dedication by unsung heros!!

Does anyone want the Department of Health to test your water and find Tph-d, f, or O.? I presume the answer is "hell no!" Does anyone think that there is an ENVIROMENTAL ACCEPTABLE LEVEL (EAL)? No! The Island of Oahu needs to understand that there should be ZERO, the number has to be ZERO. Check your own water quality reports! Did you see petroleum in your water? I strongly disagree with the current EALs.

For this disaster. the DOH lowered it to 200 then increased to 211 as an incident specific limit. This is a detection level. Wake up, if you smell fuel in your water or are seeing a sheen, IT'S TOO LATE, you have already been drinking it, cooking with it, bathing in it, watering your lawn in it, watering your pets...!

There are so many accounts of how the people have been affected healthwise. Unless you don't listen to the news or read the paper, you know that we have families suffering. All 19 zones have been cleared for families to move home. Can you realize the size of water contamination, 19 zones, 3+ months, 96,000 people. No one wants to drink the water. They are buying bottled water, having water delivered or installing expensive filtration systems.

Below are excerpts from various PUBLICALLY AVAILABLE sources:

1. I have read the After action reports. In one sentence "Portions of the Navy water distribution system serving JBPHH and surrounding areas were exposed to low levels of fuel contamination with initial indications in the form of smell reports occurring on or about 28 November 2021." "In letter dated February 8, 2022, from Naval Facilities Engineering Command Representative, IDWS Team To: IDWS Team SUBJ: Zone I1 Removal Action Report, the leak was stated as starting on 20 November 2021 not November 28, 2021."

2.

February 1, 2022

From: Naval Facilities Engineering Systems Command Representative, IDWS Team

To: Interagency Drinking Water System Team

SUBJ: ZONE A1 REMOVAL ACTION REPORT

On the 20th of November, a spill of jet fuel, specifically JP-5 jet fuel, occurred at the Red Hill Bulk Fuel Storage Facility in an access tunnel that provides fire suppression and service lines for the facility.

The fuel spill was cleaned up on the 23rd of November, Admiral Paparo directed an independent investigation of the spill event and ordered the investigating officer to determine any connection between the 20 November event and the spill that occurred on the 6th of May. The results of the investigation are pending public release.

These are instances of non transparency, distorting facts, and reasons for the public's lack of trust.

There were instances where Standing Operating Procedures were not being followed. Reflushing, resampling, untrained military personnel, flushing into grass areas, sprinklers on uncleared zones, restaurants using bottled water and uncleared tap water, claims that residents were fabricating issues, a sampling plan that is not based on science. I'll stop here.

Sorry for the rant..

If there is a leak in the tunnel, it becomes a fire hazard. The facility is already having issues with the fire suppression system. Remember the drain that no one knew about!!

Although no one has been talking much about the pipes that run underground in close proximity to the fuel lines. These pipes are also an immediate risk. Were the pipes flushed? Do they still contain fuel? Does anyone know? Regardless of if the tanks are out of service, there is still fuel in the tanks.

Another leak is a strong possibility. A ruptured pipe is a strong possibility. If a PVC pipe getting struck caused the pipe to rupture, then we can assume that PVC pipes are in use.

Leaks will occur due to the elements, deterioration, or low quality material, even poor workmanship. The problem is "no predictability."

However there is a big difference between a water leak and a fuel leak into a water source. As I have said in previous testimony, I do not care where the \$\$ comes from but it needs to get to DOH now!

The protection of the aquifer is of utmost importance. The aquifer IS CONTAMINATED. We have yet to hear, HOW MUCH?

We are all part of Oahu's water system and we are looking to the Legislature to put some urgency to the appropriation for all of Oahu!

Lets move forward and give the DOH as much support as they need.