EMPLOYEES' RETIREMENT SYSTEM
HAWAI'I EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

OFFICE OF THE PUBLIC DEFENDER



STATE OF HAWAI'I
DEPARTMENT OF BUDGET AND FINANCE

P.O. BOX 150 HONOLULU. HAWAI'I 96810-0150 CRAIG K. HIRAI

GLORIA CHANG DEPUTY DIRECTOR

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 COMMITTEE ON WATER & LAND
ON
HOUSE BILL NO. 1954, H.D. 1

February 17, 2022 8:30 a.m. Room 430 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.

House Bill (H.B.) No. 1954, H.D. 1, appropriates an unspecified amount out of the Leaking Underground Storage Tank (LUST) Fund in FY 22 to the Department of Health (DOH) to fund a grant to the Honolulu Board of Water Supply (BWS) to be used for emergency operations, future planning, and remediation, provided that DOH seeks to enter into a Memorandum of Understanding with the United States Navy to fully reimburse DOH for the cost of this appropriation; and requires BWS to submit reports to the Legislature on the expenditure of the funds, remediation efforts, and testing quality.

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 H.B. No. 1954, H.D. 1, 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 further 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.

DAVID Y. IGE GOVERNOR OF HAWAII



Honolulu, HI 96801-3378 doh.testimony@doh.hawaii.gov

Testimony COMMENTING on HB1954 HD1
MAKING AN EMERGENCY APPROPRIATION TO FUND A GRANT TO THE
BOARD OF WATER SUPPLY FOR EMERGENCY OPERATIONS, FUTURE
PLANNING, AND GROUND WATER REMEDIATION

## REPRESENTATIVE DAVID A. TARNAS, CHAIR HOUSE COMMITTEE ON WATER AND LAND

Hearing Date: 2/17/2022 Room Number: 430/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 original bill description stated that this bill would make an emergency
- 8 appropriation to the leaking underground storage tank (UST) fund to fund a grant to BWS,
- 9 however, section 3 of the bill (page 2 lines 4 to 11) makes an appropriation *from* the leaking UST
- 10 fund. The bill as currently written would interfere with an important funding mechanism for the
- 11 department's ongoing work.
- The leaking UST revolving fund supports the department's ongoing Red Hill-related
- work under the 2015 Administrative Order on Consent (AOC) in addition to the response to the
- November 2021 release. The department has already encumbered \$300,000 of the \$400,000
- appropriation ceiling for the fund and expects to encumber the remainder for department
- expenses related to the November 2021 release.

Since the leaking UST fund is a revolving fund with money being reimbursed by 1 responsible parties after being spent, replenishing the fund takes time. Under the department's 2 current agreement with the Navy, it can take up to a year for AOC contract work to be 3 encumbered, documented, charged, claimed, reimbursed, and the monies deposited back to the 4 fund. Thus, we need to ensure that we have a sufficient balance in the account to allow for 5 6 continued or additional release response work. 7 The leaking UST fund is also intended to be used to fund the department's response at leaking UST sites that do not have a viable responsible party, so money should be readily 8 9 available in the fund for such situations. Without reimbursements from these types of situations, 10 we will see definitive decreases in our overall fund balance and can only rely on incoming penalty collections to restore our balance. The average penalty collection over the last five years 11 12 is about \$53,000 per year, ranging from about \$15,000 to \$107,000 per year. **Offered Amendments:** The Department respectfully offers the following to replace section 3 of 13 the bill. 14 15 SECTION 3. There is appropriated out of the general revenues of the state of Hawaii the sum of \$\_\_\_\_\_ or so much thereof as may be necessary for fiscal year 2021-2022 as a grant-16 in-aid to the City and County of Honolulu Board of Water Supply for emergency operations, 17 future planning, and remediation resulting from the contamination of the southern Oahu basal 18 19 aquifer. 20 Thank you for the opportunity to testify on this measure.

DAVID Y. IGE GOVERNOR OF HAWAII





## STATE OF HAWAII DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621 HONOLULU, HAWAII 96809 SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA

M. KALEO MANUEL
DEPUTY DIRECTOR - WATE

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 RESSERVE COMMISSION
LAND
STATE PARKS

#### Testimony of SUZANNE D. CASE Chairperson

## Before the House Committee on WATER & LAND

Thursday, February 17, 2022 8:30 AM State Capitol, Conference Room 430, Via Videoconference

# In consideration of HOUSE BILL 1954, HOUSE DRAFT 1 MAKING AN EMERGENCY APPROPRIATION TO FUND A GRANT TO THE BOARD OF WATER SUPPLY FOR EMERGENCY OPERATIONS, FUTURE PLANNING, AND GROUND WATER REMEDIATION

House Bill 1954, House Draft 1 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 Hālawa Shaft, Hālawa 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



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 David A. Tarnas, Chair and Members House Committee on Land and Water Conference Room 430 and Via Videoconference Honolulu, Hawaii 96813

Dear Chair Tarnas and Members:

Subject:

House Bill 1954 HD1: 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 House Bill (HB) 1954 HD 1.

This bill would make an emergency appropriation to the leaking underground storage tank fund 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 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. It has also forced the BWS to shut off its Halawa Shaft, Halawa Wells and Aiea wells, reducing its capacity to provide water service to metropolitan Honolulu, and the Aiea-Halawa areas. This measure will help offset some of the costs already incurred and to support future water resource protection measures.

The BWS appreciates the legislature's leadership expressed in HB 1954 HD1 and thanks you for the opportunity to testify.

Very truly yours,

ERNESTY. W. LAU, P.E. Manager and Chief Engineer



PHONE: (808) 323-4267 FAX: (808) 323-4786 EMAIL: Rebecca.villegas@hawaiicounty.gov

#### HAWAI'I COUNTY COUNCIL

West Hawai'i Civic Center, Bldg. A 74-5044 Ane Keohokalole Hwy. Kailua-Kona, Hawai'i 96740

February 15, 2022
TESTIMONY OF REBECCA VILLEGAS
COUNCIL MEMBER, HAWAI'I COUNTY COUNCIL
ON HB1954 HD1, 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.

Committee on Water and Land Thursday, February 17, 2022 at 8:30am

Aloha Chair Tarnas, and Members of the Committee:

My testimony is submitted in my individual capacity as a member of the County Council and Chair of the Hawai'i County Council Climate Resilience and Natural Resource Management Committee.

I support HB1954 HD1 which makes an emergency appropriation to fund a grant to the Board of Water Supply for emergency operations, future planning, and ground water remediation. The purpose of this Act is to appropriate funds and require the Honolulu board of water supply to submit reports to the legislature on the expenditure of the funds, remediation efforts, and testing quality prior to the convening of the regular sessions of 2023, 2024, and 2025.

The 2021 fuel leak at the U.S. Navy's Red Hill fuel storage facility and subsequent groundwater contamination is an ongoing environmental and health crisis. Despite the Navy's agreement to drain the fuel storage tanks, the immediate threat of groundwater and aquifer contamination remains. Public health and the quality of Hawai'i's drinking water, our 'āina, our streams, ground waters, nearshore marine areas, and the ocean are being harmed by water pollution from leaking underground storage tanks.

For the reasons stated above I urge the Committee on Water and Land to support this measure as well. Should you have any questions, please feel free to contact me at (808) 323-4267.

Mahalo for your consideration.

Rebecca Villegas

Council Member, Hawai'i County Council



To: The House Committee on Water & Land (WAL) From: Sherry Pollack, Co-Founder, 350Hawaii.org

Date: Thursday, February 17 2022, 8:30am

#### In strong support of HB1954 HD1

Aloha Chair Tarnas, Vice Chair Branco, and members of the WAL committee,

I am Co-Founder of the Hawaii chapter of 350.org, the largest international organization dedicated to fighting climate change. 350Hawaii.org is in **strong support of HB1954 HD1** which makes an emergency appropriation to the leaking underground storage tank fund to fund a grant to the Honolulu Board of Water Supply (BWS) for emergency operations, future planning, and remediation resulting from the contamination of the Southern Oahu Basal Aquifer.

The 2021 fuel leak at the United States Navy's Red Hill fuel storage facility on Oahu and subsequent groundwater contamination is an ongoing environmental and health crisis. Despite the Navy's agreement to drain the fuel storage tanks, the immediate threat of groundwater and aquifer contamination remains. Hawaii's drinking water supply was 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.

The Navy has shamefully been pushing back against the draining and removal of these jet fuel tanks that sit a mere 100 feet above Oahu's sole source aquifer, as if it was acceptable to put the importance of our health and well-being up for debate. If it wasn't for the swift actions taken by the BWS and shutting down the Halawa shaft, a worse-case scenario could have occurred with contaminated water spreading throughout the entire system.

Given that the climate crisis already threatens our drinking water, we must make it a priority to protect our precious aquifer. We all have complete trust and confidence in the BWS to take on these immense responsibilities noted in HB1954 HD1, but they will need additional resources to properly address the tasks that go beyond their normal capacity.

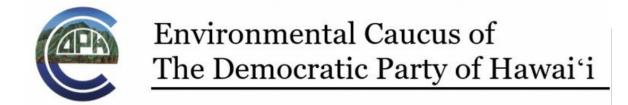
In the text of this measure it states:

"The sum appropriated shall be expended by the department of health to fund a grant to the Honolulu board of water supply for the purposes of this Act; provided that the department of health shall seek to enter into a memorandum of understanding with the United States Navy to fully reimburse the State for the cost of this appropriation."

Let's be clear. The Navy must be made to pay for the mess they made. However, given the Navy's actions over the last few months in response to this water contamination crisis, it may be a long battle to force them to do the right thing. Bottomline, regardless of whether the DOH seeks to enter into a memorandum of agreement with the Navy, funds need to be provided to the BWS to ensure they have the capacity to do what is needed to perform emergency operations, future planning, and remediation resulting from the contamination of the Southern Oahu Basal Aquifer.

Mahalo for the opportunity to testify in **strong support** of this very important legislation.

Sherry Pollack Co-Founder, 350Hawaii.org



To: The Honorable David A. Tarnas, Chair

The Honorable Patrick Pihana Branco, Vice Chair

House Committee on Water and Land

Re: HB 1954, HD 1 – MAKING AN EMERGENCY APPROPRIATION TO FUND A GRANT TO THE BOARD OF WATER SUPPLY FOR EMERGENCY OPERATIONS, FUTURE PLANNING, AND GROUND WATER REMEDIATION

Hearing: Thursday, February 17, 2022, 8:30 a.m., Conference Room 430 and Via

Videoconference

**Position: Strong Support** 

Aloha, Chair Tarnas and Vice Chair Branco and Members of the Committee on Water and Land:

The Environmental Caucus of the Democratic Party of Hawai'i strongly supports HB 1954, HD1 and requests that this measure be PASSED by your Committee. This bill would make an emergency appropriation from the leaking underground storage tank fund to fund a grant to the Honolulu board of water supply for emergency operations, future planning, and remediation resulting from the contamination of the southern Oahu basal aquifer. It requires the department of health to seek to enter a memorandum of understanding with the United States Navy to reimburse the department of health for the full amount of the appropriation. This measure also requires the Honolulu board of water supply to make reports to the legislature on all expenditures, remediation efforts, and testing quality prior to the regular sessions of 2023, 2024, and 2025.

The Environmental Caucus supports this measure because the Board of Water Supply needs an emergency appropriation to drill new monitoring wells to determine which direction the fuel plume is migrating so that the Board can channel and or develop new wells accordingly. The Board of Water Supply needs to protect and safeguard the aquifer for its customers and to do so requires emergency measures and emergency funding.

Mahalo nui loa for this opportunity to testify. Please pass this bill.

Respectfully submitted,

Alan Burdick

Melodie Aduia

Co-Chairs, Environmental Caucus of the Democratic Party of Hawai'i

Email: legislativepriorities@gmail.com

Submitted on: 2/15/2022 11:42:57 PM

Testimony for WAL on 2/17/2022 8:30:00 AM

<b>Submitted By</b>	Organization	<b>Testifier Position</b>	Remote Testimony Requested
Dave Mulinix	Our Revolution Hawaii	Support	Yes

#### Comments:

Aloha Chair Tarnas, Vice Chair Branco, and Committee Members: Ganaden, Kobayashi, Kong, McDermott, Morikawa, Ohno,

My name is David Mulinix, Co-founder & Hawaii State Organizer for Our Revolution Hawaii. On behalf of our 5,000 members and supporters statewide we stand in STRONG SUPPORT of HB1954 that makes an emergency appropriation from the leaking underground storage tank fund to fund a grant to the Honolulu Board of Water Supply (BWS) for emergency operations, future planning, and remediation resulting from the contamination of the southern Oahu basal aquifer.

Pass

ing this legislation is essential, because BWS has been the main agency consistently protecting the major source of clean drinking water for some 400,000 citizens on Oahu. Because Ernie Lau and the staff at BWS have demonstrated their dedication and commitment to protecting our precious water, no matter what the odds, they have earned the respect and confidence of everyone, not only in Hawaii, but nationally. In this regard, I must share that even my 92 year old mother, who lives in California, saw Ernie Lau on national television talking about the Red Hill fuel contamination, and has become a fan. She told me to please tell Ernie Lau "Thank you for protecting the water. You're a real hero."

For the past eight years BWS has been the only agency that has consistently and continually, actively worked to prevent the Red Hill fuel storage tanks from contaminating our drinking water. BWS has also proven that they know more about what resources and funding that will be required to protect our precious water than anyone else in government. BWS has made it clear that this funding is needed to continue their excellent work at protecting our water.

Per their testimony: "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." Ernest Lau, Manager & Chief Engineer, Board of Water Supply.

Please pass HB1954 to provide the necessary funding for our BWS to protect our water.

Mahalo for your kind attention,

David Mulinix, Cofounder & Hawaii State Organizer

Our Revolution Hawaii.

Submitted on: 2/14/2022 4:53:11 PM

Testimony for WAL on 2/17/2022 8:30:00 AM

<b>Submitted By</b>	Organization	<b>Testifier Position</b>	Remote Testimony Requested
Susan Pcola_Davis	Individual	Support	Yes

#### Comments:

I support ANY money being put forth for this catastrophe. It is a worst case scenario waiting to happen. We cannot afford to be in a reactive state. To be proactive, the State must address the immediate danger to the island's aquifer.

If there is a leak in the tunnel, it becomes a fire hazard. The facility is already having issues with the fire suppression system.

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.

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 cause the pipe to rupture, then we can assume that PVC pipes are in use.

The Department of Health has a "leaking underground storage tank fund." The protection of the aquifer is of utmost importance. Its purpose is to be used for emergency operations, future planning, and remediation resulting from the contamination of the southern Oahu basal aquifer.

It behooves the Department of Health to expend appropriations from this to fund a grant to the Honolulu board of water supply for the purposes mentioned in the preceding paragraph. The Department of Health can seek to enter into a memorandum of understanding with the United States Navy to fully reimburse the State for the cost of this appropriation. Regardless of whether it would interfere with an important funding mechanism for the department's ongoing work.

The passing of this bill should not rest on the department's issue with already encumbered expenses, leaving them a \$100,000 balance. As stated in their previous testimony, the department intends to encumber the remainder. Regardless of whether an increase in the ceiling is approved or not, money needs to be expended now.

Submitted on: 2/15/2022 12:32:07 AM

Testimony for WAL on 2/17/2022 8:30:00 AM

<b>Submitted By</b>	Organization	<b>Testifier Position</b>	Remote Testimony Requested
Colonel Ann Wright	Individual	Support	Yes

Comments:

Testimony for HB1954 HD1

February 17, 2022

8:30am

I am providing testimony on HB 1954 for an emergency appropriation to fund a grant to the Board of Water Supply for emergency operations, future planning and ground water remediation.

I am a 20-year resident of Honolulu. I served 29 years in the U.S. Army/Army Reserves. I was a U.S. diplomat for 16 years and served at U.S. Embassies in countries where drinking the local water was not recommended. I drank filtered water in Panama, Nicaragua, Somalia, Sierra Leone, Mongolia and Afghanistan.

I never thought I would need to consider the drinking water in a place like Honolulu to be so contaminated that I would need to drink bottled water. But now it is a distinct possibility with 93,000 in our community having had to do so for over six weeks due to the jet fuel contamination from the leaking Navy Red Hill jet fuel storage tanks. Unless the fuel tanks are drained and are permanently closed down, the possibility for the entire water supply of Honolulu to be contaminated is predicted.

As officials of the Honolulu Board of Water Supply have reported for decades, it is very apparent that the Navy has not maintained the 80-year-old leaking tank system properly.

I urge the Water and Land committee to fund an emergency appropriation from the underground storage tank fund for a grant to the Honolulu Board of Water Supply for emergency future planning and remediation that has resulted from the contamination of the southern Oahu basal aquifer.

The Board of Water Supply has been the honest broker for decades in alerting the State government—successive Governors and Mayors and their administrations and the community to the dangers from the Navy's leaking 80-year-old Red Hill tank system. Of all the state and city

and county offices, the Honolulu Board of Water Supply is the most trusted by the community. Their assessments and warnings on the Red Hill jet fuel storage tanks have proven accurate.

For the safety of the drinking water of the 400,000 that drink from the southern aquifer, I appeal to you to provide emergency funding through the State Department of Health for the future planning and remediation by the Honolulu Board of Water Supply that ultimately will protect the water supply for all 1.2 million residents of the entire island of O'ahu.

As a taxpayer in Hawai'i, I strongly believe the State Department of Health must enter into a Memorandum of Understanding with the United States Navy to fully reimburse the State for the cost of this emergency appropriation.

Thank you.

Ann Wright, Colonel, US Army (retired)

2333 Kapiolani Blvd

Honolulu, Hi 96826

Annw1946@gmail.com

Submitted on: 2/15/2022 5:12:08 PM

Testimony for WAL on 2/17/2022 8:30:00 AM

Submitted By	Organization	<b>Testifier Position</b>	Remote Testimony Requested
Patricia Blair	Individual	Support	No

Comments:

Essential! Fund it!