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SENATE COMMITTEE ON AGRICULTURE AND THE ENVIRONMENT SENATE COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL, AND MILITARY AFFAIRS

Testimony on Senate Bill No. 1259, Related to Underground Storage Tanks

Hearing Date and Time: February 8, 2017, 1:20 P.M., Room 224

Testimony on behalf of Navy Region Hawaii

Good afternoon, Chair Gabbard, Chair Nishihara, Vice Chairs, and Senators,

I am Captain Richard Hayes of the United States Navy. I am the Commanding Officer of Naval Facilities Engineering Command (NAVFAC), Hawaii, and also the Regional Engineer for Navy Region Hawaii. With me today is Mr. Mark Manfredi, Project Coordinator for the Red Hill Facility, and personnel from the Navy Supply Command, Navy Region Hawaii, NAVFAC, and the Defense Logistics Agency.

Thank you for the opportunity to speak here today. I am testifying on behalf of the U. S. Navy and Department of Defense on Hawaii Senate Bill 1259. This bill appears to primarily target the Department of Defense (DoD) Red Hill Bulk Fuel Storage Facility. The Environmental Protection Agency (EPA) and State of Hawaii Department of Health (DOH) regulates the Red Hill facility under a written agreement signed in September 2015 known as the Administrative Order on Consent (AOC). My testimony consists of four points: drinking water safety, fuel tank integrity, the AOC process and Red Hill's importance.

Drinking water from Red Hill is safe. Past and current validated testing confirms, and all parties agree, that drinking water from the Red Hill shaft is safe. A third party lab validates current testing. The Navy works with regulators at the EPA and DOH, and with other stakeholders to ensure it remains safe. Regulators review monitoring data and test results to ensure our drinking water remains safe. Testing records confirm that the drinking water meets or exceeds all requirements. Since the fuel release in 2014, the Navy increased the frequency that it tests drinking and groundwater and added additional monitoring wells; installing the newest operating wells in October 2016.

The Navy installed the first groundwater monitoring well in 2002. In 2008, the Navy developed and implemented a DOH approved Groundwater Protection Plan that incorporated the existing groundwater monitoring wells. Today, there are 12 groundwater monitoring sites around the Red Hill facility to detect any possible migration toward the drinking water source by collecting samples using procedures developed with DOH. We are planning to install two additional monitoring wells. The Navy provides the complete suite of studies, analytical data, and technical reports to the regulatory

agencies and makes the data part of the administrative record for public review. The Navy updated the plan in 2009, 2010, and again in 2014, each time with DOH approval. The Navy is consulting with the DOH and EPA to continually evolve and update the Groundwater Protection Plan.

We entirely agree that protecting the drinking water in Hawaii is an unquestioned, non-negotiable imperative. We are meeting this requirement through the Administrative Order on Consent (AOC) with our regulators, the DOH and EPA. The AOC includes a formal process that solicits input from outside subject matter experts.

Red Hill tanks are not leaking. The Navy began a more stringent leak detection test at Red Hill in 2008 for two tanks, and then tested the remaining operational tanks in 2009. This new test, a tank tightness test, is a procedure that determines if an underground storage tank leaks. Operators precisely fill the tank and measure pressure over time to ensure the tank is not leaking. Planned to be a biennial test, the Navy increased tank tightness testing frequency to annually in 2015. The AOC and its Statement of Work (SOW) incorporated this test. The Navy completed the Red Hill annual tank tightness test last week. All operating tanks continue to pass leak detection criteria of Title 40 of the U.S. Code of Federal Regulations. **Red Hill fuel tanks are not leaking.**

In 2014, contractors completed a multi-year service inspection and planned maintenance on fuel tank 5, which was not in service. There were three major failures that resulted in the fuel release, poor workmanship and lack of quality control by the contractor, poor quality assurance oversight by the Navy, and the operators lack of procedural compliance. The Navy took appropriate and corrective actions to fix the contractor's issues, lack of quality control and procedural failures. **No other tanks were involved in the 2014 fuel release.** The Navy reiterates for the record, that the official estimation for the 2014 fuel release from Red Hill Tank 5, based on best accounting practices, is approximately 27,000 gallons, not 40,000 gallons as the bill indicates.

In his most recent letter to stakeholders, Rear Adm. John Fuller, commander, Navy Region Hawaii, said, "To address fuel tank integrity, the Navy employs a continuing process that monitors the tanks with testing and inspections and sustains them with planned preventative as well as corrective maintenance, as needed. We take to heart and apply the lessons learned and process improvements we developed after the fuel release from Tank 5 in 2014. While we have a world class system today, the Navy will continue to improve monitoring systems under AOC section 4."

Since 2006, Federal Government spent over \$200 million on improvements: installed groundwater and soil vapor monitoring systems; structurally reinforced and renovated the tunnels and passageways; and improved ventilation, tank interiors, oil tight door, fire protection, pipelines, and the Red Hill drinking water shaft security. This is in addition to our continued tank testing and inspections.

The AOC process is working and on-track. The AOC focus is maintaining our safe drinking water. The Navy is committed to the AOC along with the regulators, the EPA and DOH. The AOC sets hard deadlines for deliverables and is enforceable by the EPA and DOH. The AOC solicits and addresses external subject matter opinions. To date, the EPA, DOH, DLA, the Navy, and other stakeholders address tank inspection, repair and maintenance; tank upgrade alternatives; release detection/tank tightness testing; corrosion testing; investigation and remediation; groundwater protection; as well as a risk and vulnerability assessment. The AOC creates legally enforceable decisions which are implemented using the federal procurement processes and, where necessary, the military construction process. Some progress to date:

- Completed Section 6 and 7 (ground water assessment and modeling) analysis and EPA and DOH approved it.
- Completed the Current Fuel Release Monitoring Systems Report (Section 4.3) and EPA approved it.
- Completed the Corrosion and Metal Fatigue Practices Report (Section 5.2) and the EPA and DOH approved it.
- Completed the Section 6 and 7 (Monitoring Well Installation Plan).
- Completed the Sampling and Analysis Plan.
- Submitted the Section 2 tank inspection, maintenance, and repair report.
- Submitted the Section 3 tank upgrade alternatives scope of work.
- Scoping the New Release Detection Alternatives Report (Section 4.6).
- Scoping the Destructive Testing effort.

The tank upgrade alternative that the AOC is addressing is complex and unique. The AOC by the end of this year will complete its tank upgrade alternatives evaluation, to include double walled solutions.

SB 1259 would mandate double wall tank modifications; a design that has neither been tested nor proven on this scale, particularly within the unverified timeline set by the bill. EPA Headquarters deliberated for over four years with industry and DoD on changes to underground storage tank regulations. The EPA and DOH recognize that double walling “could increase the risk of future failures.” The AOC’s step-by-step approach enables a full technical evaluation of all alternatives to verify the best solution.

The National Defense Authorization Act (NDAA) of 2016 requires the Navy and DLA to brief the House Armed Services Committee on its Tank Upgrade Alternative recommendation upon final review. We respectfully remind all stakeholders that there are no “off the shelf” solutions to many of these requirements. Assessing the best available practicable technology requires consideration of alternatives – including some untested alternatives – as well as considering public input. We remain committed to the AOC process, which focuses on achieving the best solutions for Red Hill.

The AOC is working; it is enforceable and will oversee the development and implementation of upgrades to the Red Hill fuel facility.

The Red Hill facility is of vital strategic importance to our nation and US Pacific Command. Red Hill's importance hasn't changed in the past two years; if anything its importance has increased. Two years ago when this committee was considering SB 1168, Brigadier General O'Neil, Director of Logistics, addressing PACOM's command of Air Force, Marines, Army, and Navy forces, testified (paraphrasing for clarity only):

The Red Hill facility holds a significant percentage of petroleum war reserves required to defend national security interest in the Pacific region. It supports all US military forces stationed in and transiting through Hawaii via it's hardened, underground, cyber-protected, gravity feed system to Joint Base Pearl Harbor-Hickam. It supports the Hawaii Army and Air National Guard and is capable of defense support to civil authorities should circumstances dictate. There is no comparable US owned facility anywhere from India to mainland USA.

USPACOM remains committed to operating environmentally sound facilities, demonstrated through a trained workforce and continued financial investment that has improved safety, accountability, detection and monitoring at Red Hill.

Red Hill has been vital to our nation since construction; it is vital today; and will remain vital for the foreseeable future.

The DoD asks the Legislature to defer this bill to allow DOH to continue its work with the EPA and the Navy. We remain committed to protecting drinking water in Hawaii as an unquestioned, non-negotiable requirement. The AOC, which describes tasks that the Navy will complete within certain time constraints, is dedicated to meeting that requirement. This legally enforceable process provides the roadmap for the Red Hill facility with enhanced oversight and approval roles for DOH and EPA with expert resources beyond what this proposed bill would otherwise authorize.

In summary, your military in Hawaii and throughout the Pacific needs continuous and uninterrupted access to large volume, secure and sustainable fuel storage facilities. The Red Hill facility provides fuel to support countless contingency operations in the Pacific, and is essential to safeguard our national interests and support humanitarian missions overseas. The forward presence provided by your military builds international cooperation, maintains regional stability, and ensures maritime security, including the free flow of commerce to Hawaii, the mainland, and throughout the Indo-Asia-Pacific region. Red Hill will continue to operate safely with the process already established in the AOC. We respectfully request your support to defer action on this bill to ensure that the State Department of Health, the EPA, DLA, the Navy, and other stakeholders have sufficient time to complete our collaborative Administrative Order on Consent.

Thank you for the opportunity to testify today.