



**INSPECTOR GENERAL**  
**DEPARTMENT OF DEFENSE**  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500

**MEMORANDUM FOR NAVAL INSPECTOR GENERAL**

**SUBJECT:** Inspector General of the Department of Defense Report No. DODIG-2012-052, "Report on the Program and Contract Infrastructure Technical Requirements Development for the Guam Realignment Program," February 8, 2012

We are revising specific pages in the subject report to address errors brought to our attention. The revisions involve the two report observations only. We are clarifying information in the first observation, and removing the second. Additionally, we are adding comments to the report from OPNAV N2/N6 and our response to Appendix D. These revisions are minor and do not affect the report's three findings, nor their conclusions and recommendations. We are incorporating the following updates to the subject report that is located on our Web site at <http://www.dodig.mil/Inspections/TechReports.html>.

**Observation: Interim Wastewater Capacity**

1. We are revising the sentences in the sixth paragraph, page ii from "The USEPA will not grant any permits for any new connections to the sewer lines unless interim improvements are implemented. Consequently, temporary housing of the construction workforce would not be available due to the lack of sewer connections." to "If the NDWWTP cannot achieve and ensure consistent compliance, USEPA will not adjust the permit limits to allow the additional flow needed to house the construction workforce and the development of the military realignment."
2. We are removing the sentence in the first paragraph, page 40 "Consequently, GWA is unable to allow any additional connections to the wastewater system."
3. We are revising the sentence in the second paragraph, page 40 from "The NDWWTP NPDES permit expired on June 30, 1991, and the application for renewal was denied by the USEPA because of impacts to the water quality and coral reef environment." to "The NDWWTP NPDES permit expired on June 30, 1991, and was administratively extended. USEPA denied GWA's request to renew 301 (h) waivers because GWA did not comply with Clean Water Act requirements."
4. We are removing the sentence in the third paragraph, page 40 "However, GWA will not allow any additional connection to the wastewater system as USEPA will not permit increased loads to enter the NDWWTP."
5. We are revising the sentence in the second paragraph, page 41 from "The agency is responsible for administering a program . . ." to "The agency is responsible for administering a local program . . ."

6. We are revising the sentence in the first paragraph, page 44 from “. . . the USEPA will not allow any new connections to the existing sewer lines.” to “. . . the USEPA will not adjust the permit limits to allow additional flow . . .”
7. We are revising the sentence in the third paragraph, page 44 from “If the capacity of the NDWWTP is not upgraded to 9 mgd, USEPA will not adjust the permit limits to allow additional flow needed to house the construction workforce and the development of the military realignment.” to "If the NDWWTP cannot achieve and ensure consistent compliance, USEPA will not adjust the permit limits to allow the additional flow needed to house the construction workforce and the development of the military realignment.”
8. We are revising the sentence in the fourth paragraph, page 44 from “Until the capacity upgrade is complete the USEPA will not grant a permit for any new connections to the sewer lines.” to "If the NDWWTP cannot achieve and ensure consistent compliance, USEPA will not adjust the permit limits to allow the additional flow needed to house the construction workforce and the development of the military realignment.”

**Observation: Solid Waste Oversight**

1. We are removing the second paragraph, page iii.
2. We are revising the Table of Contents on page v from “Observation: Solid Waste Oversight” to “Observation removed per Errata Memo Dated May 14, 2012.”
3. We are removing the sentence in the second paragraph, page 47 “Since Guam’s solid waste program is under court order, backup for these estimates were not available for this review (see ‘Observation: Solid Waste Oversight’ on page 51).”
4. We are removing the Observation: Solid Waste Oversight on page 51.

Please reference the attached pages with changes described identified for clarification. We have revised only the pages indicated in this document and adding OPNAV N2/N6 comments and our response to Appendix D. No other information in the report has been modified. You can also access a complete revised version on our Web site as indicated in the above paragraph.

We do not request comments on these revisions, however if you have any questions on the revisions, please contact James Howell at (703)-604-9096 or Edward Kell at (703) 604-8922.

Randolph R. Stone, SES  
Deputy Inspector General  
Policy and Oversight

Attachment:  
As stated

cc: INSPECTOR GENERAL, DEPARTMENT OF TRANSPORTATION

## Attachment – Pages with changes

**Finding.** Given the fact that the Guam commercial port bulkhead is at significant risk of major structural failure, the Department of Defense, Office of Inspector General (DOD IG) issued a memorandum of condition to USDOT, MARAD addressing the serious condition of the bulkhead. The memorandum advocated that MARAD work with the Port Authority of Guam to implement the first priority of the Memorandum of Understanding between MARAD and the Port Authority of Guam, signed November 2008, that stated, “*Correct the deteriorated structural, utility and infrastructural facility deficiencies and upgrade said facilities to modern safe standard.*”

### **Roads**

There are 49 Guam Road Network projects deemed significant to support the military realignment. The road projects were chosen based on priorities and budget availability. The Federal Highway Administration (FHWA) determined that when the FY 2010 and FY 2011 Guam Road Network construction projects are completed, a sufficient amount of road improvements will be in place to support the initial military realignment.

### **Power Generation, Transmission and Distribution**

The Guam Power Authority’s current and future projected power supply after the refurbishment of electrical systems are adequate to support the island-wide power demand now and up to 2019.

### **Drinking Water**

An additional 11.3 million gallons per day in potable water supply is required to meet the projected DOD demands for the military realignment. The demand would be met by the establishment of up to 22 new DOD water wells and rehabilitation to the existing wells.

### **Wastewater Treatment**

Currently, the Guam wastewater plants do not meet primary treatment standards and lack sufficient capacity due to poor conditions of the existing assets. The plants are currently operating under two U.S. District Court stipulated orders. The U.S. Environmental Protection Agency (USEPA) has required the Guam Waterworks Authority to install full secondary treatments at both wastewater treatment plants.

**Observation.** NAVFAC PAC has identified \$8 million in funding needed for the interim wastewater capacity upgrade at the Northern District Wastewater Treatment Plant. However, NAVFAC PAC has yet to obtain authority for obligating the identified funds. If the NDWWTP cannot achieve and ensure consistent compliance, USEPA will not adjust the permit limits to allow the additional flow needed to house the construction workforce and the development of the military realignment.

### **Solid Waste**

The territory of Guam and DOD have separate solid waste facilities. Previously, all civilian solid waste on Guam was disposed of at the Ordot Dump facility. The Ordot Dump facility is now full and closed. A new landfill – Layon Landfill – was constructed.

## Attachment – Pages with changes

The DOD's plan is to expand its recycling program and send all of its solid waste, with the exception of construction and demolition waste, to Layon Landfill.

~~**Observation.** All civilian solid waste operations are under the control of a court-appointed receiver. The District Court of Guam has not allowed any oversight audit for the Guam Solid Waste Program since the receiver was appointed. As a result, the solid waste program is not subject to oversight by the government of Guam or any other government entity to deter fraud, waste, and abuse of Guam's public money.~~

### **Communications**

The government of Guam and DOD in Guam currently only have the basic 911 services that cannot process a caller's telephone number and location automatically.

**Finding and Recommendation A.** The telephone number and location information of calls originating from inside DOD installations are not automatically provided to DOD emergency 911 operators by the DOD installations' Public Safety Answering Points. We recommend that the Navy's, Operational Navy (OPNAV) N2/N6 prepare, complete, and coordinate programs to upgrade the basic emergency 911 system to an Enhanced 911 system. Additionally, until the Enhanced 911 system is installed and operational, we recommend advising incoming military personnel and their families, during island in-processing, about the 911 limitations.

**Finding and Recommendation B.** The government of Guam has not implemented the Enhanced 911 system. The current 911 system has reached the end of its life cycle for maintenance support. This condition exists because the government of Guam uses the "*Enhanced 911 Emergency Reporting System Fund*" for administrative personnel salaries rather than the Enhanced 911 operation and maintenance. We recommend that OPNAV N2/N6 work in conjunction with the government of Guam to install the Enhanced 911 system, as encouraged by U.S. Public Law 108-494, so off-base and on-base residents are ensured a timely response.

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discharge of primary treated effluent. The NDWWTP disposes of primary treated effluent into the Philippine Sea.

Currently, NDWWTP does not meet primary treatment standards and lacks sufficient capacity as GWA's wastewater infrastructure (treatment plants, collection piping, and pump stations). NDWWTP has a legacy of deferred maintenance and minimal capital improvements that have caused the systems to slowly deteriorate over the years. Due to poor conditions of the existing assets and limitations of the primary treatment to remove Biological Oxygen Demand, the plant does not consistently meet the permit requirements for total suspended solids and Biological Oxygen Demand concentration and loading. Additionally, the maximum daily flow limit of 6 mgd is occasionally breached. ~~Consequently, GWA is unable to allow any additional connections to the wastewater system.~~

The NDWWTP NPDES permit expired on June 30, 1991, and was administratively extended. USEPA denied GWA's request to renew 301 (h) waivers because GWA did not comply with Clean Water Act requirements. The USEPA Region 9 issued a final decision on September 30, 2009, to deny the variance on secondary treatment for NDWWTP, effectively requiring GWA to install full secondary treatment at both NDWWTP and Hagatna WWTP.

**Interim Requirements.** Military realignment projects will require an influx of temporary construction workers in addition to the military personnel, family members and civilian support staff. A contractor built the Ukudu workforce village in the Tanguisson area of Tamuning and Dededo adjacent to the NDWWTP to house up to 14,000 workers. ~~However, GWA will not allow any additional connections to the wastewater system as USEPA will not permit increased loads to enter the NDWWTP.~~

In order to meet the additional wastewater requirements for the temporary workforce village, NAVFAC PAC issued a contract to Pacific Program-Design Management Services JV in December 2010 for a preliminary design study to investigate options to provide temporary treatment capability at the NDWWTP. The study proposed that interim upgrades to the plant be commissioned by September 2011 to allow for the predicted flow requirements of up to 9 mgd. The estimated cost for the temporary improvement is \$8 million. The temporary improvements would be operational until 2014, when permanent treatment upgrades to the plant are completed. USEPA has agreed, in principle, to the phased approach for the WWTP improvements, but NAVFAC PAC will have to obtain a formal approval from USEPA upon obligation of the funds.

### ***Statutory and Regulatory Responsibilities***

The following agencies are potential stakeholders and were contacted during the Final EIS process for the proposed wastewater treatment alternatives.

- U.S. Environmental Protection Agency Region 9
- Guam Environmental Protection Agency
- Guam Water Authority
- Bureau of Statistics and Planning (Coastal Management)

## Attachment – Pages with changes

- Guam Department of Aquatic and Wildlife Resources
- Department of Parks and Recreation (Historic Preservation)
- Department of Public Works

The Federal Water Pollution Control Act and subsequent amendments, commonly referred to as the Clean Water Act, authorizes the USEPA, individual states, and local governments to establish programs to control pollution and restore and maintain the chemical, physical, and biological integrity of the nation's water. The goal of the Clean Water Act is to restore the quality of the nation's water by regulating the discharge of point sources. The Clean Water Act considers all discharges to the nation's water as unlawful, unless specifically authorized by a permit that requires the discharge to attain technology-based effluent quality limits. The NPDES permit program was established in 1972 under the Clean Water Act. The USEPA administers the NPDES program and mandates that dischargers of point source pollutants obtain an NPDES permit.

Guam Environmental Protection Agency, the local regulatory agency, provides input regarding the receiving water quality standards, pursuant to Section 401 of the Clean Water Act. Guam Environmental Protection Agency is responsible for implementing specific local and Federal statutes and regulations on environmental protection. The agency is responsible for administering a local program that provides sewage treatment and related facilities for Guam, and controlling pollution from domestic wastewater.

GWA was established by the Guam legislature and is a semi autonomous, self-supporting agency. GWA administers Guam water utility services to include water treatment and distribution, sewage conveyance, treatment, and disposal. An elected, non-partisan Consolidated Commission on Utilities oversees the GWA operations and regulates its rates.

The United States Department of Justice filed a civil suit against GWA and the government of Guam in December 2002, for failure to comply with the Safe Drinking Water Act and the Clean Water Act (U.S. vs. Guam Waterworks Authority, Civil No. 02-00035 (D. Guam)). A stipulated order for preliminary relief was entered in June 2003. Subsequently, the parties agreed to two modifications of the stipulated order. The second amended stipulated order was entered by the court in October 2006. Both parties viewed the stipulated order as the most appropriate way to address GWA's compliance with the Clean Water Act and Safe Drinking Water Act. The stipulated order contains 56 "deliverable" actions requiring documentation of which eight are delayed but in progress, as stated in the *Quarterly Compliance Progress Report No. 26*, prepared by GWA dated October 27, 2010.

### ***Inclusion in Composite Program***

The Department of the Navy evaluated nine options for wastewater treatment and disposal to meet the military realignment wastewater requirements. The U.S. Navy's preferred option was a phased implementation of two options that combine upgrades to the existing primary treatment facilities and expansion to secondary treatment at the NDWWTP. The first phase would restore the existing primary treatment facilities at

## **Observation: Interim Wastewater Capacity**

NAVFAC PAC is seeking \$8 million in funding needed for the interim wastewater capacity upgrade from 6 mgd to 9 mgd at the NDWWTP. However, it has not yet obtained approval for obligating the funds. Additionally, since NDWWTP cannot consistently meet the NPDES permit requirements for wastewater treatment and discharge, the USEPA will not adjust the permit limits to allow additional flow. Consequently, the interim wastewater upgrades could be delayed and impact other military realignment projects.

### ***Discussion***

A temporary workforce consisting of more than 18,000 off-island construction workers will be required during FY 2011-2014 to build the infrastructure needed for the military realignment. In order to meet the demand of the temporary workforce, arrangements for housing, power, water, and wastewater will need to be made. The existing capacity of NDWWTP to treat 6 mgd of wastewater daily is barely enough to meet the current Guam demand. Additional interim capacity is required to meet the anticipated wastewater processing demand. A December 2010 preliminary design study contracted to Pacific Program-Design Management Services JV by NAVFAC PAC, proposed that the interim upgrades to the plant be commissioned by September 2011 to allow for predicted additional average flow of up to 9 mgd. The estimated cost for the temporary improvement is \$8 million. NAVFAC PAC is seeking \$8 million for the interim upgrade project from the government of Japan 2009 budget set aside for mitigation purposes, but has not yet received approval for obligating the funds.

On November 17, 2010, a quarterly hearing related to the stipulated order was held. USEPA requested the court to require GWA to complete the construction of interim treatment improvements at the NDWWTP by December 31, 2011, and achieve consistent compliance with the interim effluent limits. If the NDWWTP cannot achieve and ensure consistent compliance, USEPA will not adjust the permit limits to allow the additional flow needed to house the construction workforce and the development of the military realignment.

### ***Observation Recap***

NAVFAC PAC is seeking \$8 million in funding needed for the interim wastewater capacity upgrade from 6 mgd to 9 mgd at NDWWTP. If the NDWWTP cannot achieve and ensure consistent compliance, USEPA will not adjust the permit limits to allow the additional flow needed to house the construction workforce and the development of the military realignment. However, NAVFAC PAC has yet to obtain authority for obligating the identified funds. Consequently, temporary housing for the construction workforce would not be available due to the lack of sewer connections.

## Attachment – Pages with changes

for Layon Landfill includes the disposal of DOD solid waste. As a result, DOD will not have to build a new landfill.

**DOD Inclusion.** The current DOD landfill sites are operated solely by the DOD. The landfills provide service to military personnel and residents of the bases as well as commercial waste streams from base activities.

### Cost Estimate

**Territory of Guam Cost Estimate.** The receiver developed cost estimates for the closure of Ordot Dump and the construction of Layon Landfill, including new access roads and transfer stations. The current cost estimate is \$160 million; however, the receiver stated to the court and the government of Guam that this estimate should be considered very preliminary and would need to be reevaluated once a final plan for closure is developed. ~~Since Guam's solid waste program is under court order, backup for these estimates were not available for this review (see 'Observation: Solid Waste Oversight' on page 51).~~

**DOD Cost Estimate.** For DOD's solid waste program, DOD has created estimates for the four alternatives presented in the requirements section. Table 6 gives a breakdown of the cost estimates for each alternative being considered. These estimates are preliminary; once an alternative is selected, a verified independent government cost estimate, with backup data and supporting documents will be required.

**Table 1. Estimates for Cost of Military Solid Waste Alternatives**

Alternative	Total Present Value Analysis 50 years
Alternative 1 – Construct MRRFs with refuse transfer stations and recycling centers in northern and southern Guam	\$457,800,000
Alternative 2 – Construct MRRF with refuse transfer station and recycling center in southern Guam and construct refuse transfer facility and recycling center in northern Guam	\$417,400,000
Alternative 3 – Construct MRRF with refuse transfer station and recycling center in northern Guam and construct refuse transfer facility and recycling center in southern Guam	\$419,400,000
Alternative 4 – Construct MRRF with refuse transfer station in Barrigada and construct recycling centers in northern Guam and southern Guam	\$478,300,000

Source: "Recycling and Solid Waste Diversion Study for DOD Bases, Guam," April 26, 2010

## **Observation: ~~Solid Waste Oversight~~**

~~The receiver's Guam Solid Waste Program cannot be audited by the government of Guam or any other government entity. According to the District Court of Guam's order, the receiver is required to submit cost estimates and other financial documents only to the District Court. As a result, the government of Guam is not assured by independent audit that the public money is free of fraud, waste, and abuse.~~

### ***Discussion***

~~On March 17, 2008, the District Court of Guam appointed a receiver to be the receiver for all Guam solid waste management. The order stated in part:~~

~~On or before the 7th day of each month, the Receiver shall file and serve the court, with a copy to the Government of Guam, a summary of time expended and expenses incurred during the month immediately preceding, along with a billing statement and request for compensation. The court shall review the request for compensation for reasonableness by the 20th of each month, and shall direct that payment be made to the Receiver for all compensation and expenses incurred and found by the court to be reasonable by the 25th of each month.~~

~~This order only gives the District Court of Guam a chance to review expenses; however, the receiver is using Guam public funds to finance the program. When we met with the governor's office on September 21, 2010, the office stated that they had, at one time, asked to see the cost estimates for the Ordot Dump closure and the construction of Layon Landfill. However, both requests were denied by the District Court of Guam. This denial may have stemmed because of the interpretation of a section of the court order which states:~~

~~IT IS FURTHER ORDERED that the parties, including but not limited to the United States Environmental Protection Agency, Department of Public Works and Guam Environmental Protection Agency, are to immediately comply with this Order and are enjoined from interfering in any manner . . . with the Receiver in the performance of its functions and duties.~~

~~Since the receiver is using Guam public funds, Guam or any other party of interest should be allowed to conduct oversight audits.~~

### ***Observation Recap***

~~Based on the wording of the court order and the statement from the governor's office, the District Court of Guam has not allowed any oversight audit for the Guam Solid Waste Program since the receiver was appointed. A lack of oversight exists because the District Court of Guam has ordered in its court order that the receiver is only required to submit cost estimates and other financial documents to the District Court. As a result, the solid waste program cannot ensure independent transparency to deter fraud, waste, and abuse of Guam's public money.~~