

California Regional Water Quality Control Board  
Santa Ana Region

January 17, 2003

ITEM: 12

SUBJECT: Agreement with Goodrich Corporation,  
Resolution No. R8-2003-0017

DISCUSSION:

As you know, a significant problem with perchlorate pollution of groundwater exists in the Rialto, Colton and Fontana areas. The Cities of Rialto and Colton, the West San Bernardino Water District, and the Fontana Water Company have all shut down water supply wells that are affected by perchlorate. At a September 13, 2002 hearing, the Board rescinded a cleanup and abatement order that had been issued to Goodrich Corporation and Kwikset Corporation, but directed staff to work with suspected dischargers to find solutions to the water supply crisis in the area.

Subsequent to the Board's decision, Goodrich and the four water purveyors began negotiations to develop an agreement whereby Goodrich would participate in solving the purveyors' water supply problem. An agreement between Goodrich and the purveyors has now been reached. In brief, the agreement provides that Goodrich will pay \$4 million to the water purveyors to fund wellhead treatment projects to remove perchlorate, and the purveyors will forbear from filing suit against Goodrich for a period of two years (the term of the agreement). The agreement is also conditioned on the execution of a separate agreement between Goodrich and the Board.

Goodrich and Board staff have developed a proposed agreement to satisfy that condition of the purveyors' agreement. Our agreement would specify that the Board would not require Goodrich to conduct investigation or cleanup of perchlorate contamination for a period of two years. This is consistent with the two-year forbearance period in Goodrich's agreement with the purveyors. In addition, during staff's participation in the negotiation of that agreement, it was clear that Goodrich's \$4 million offer was based on an assumption that the Board would also agree to a two-year forbearance period.

Staff believes that the proposed agreement with Goodrich is consistent with the direction provided by the Board on September 13, 2002. The \$4 million, in conjunction with the \$3 million of Cleanup and Abatement Account funds already provided by the State Water Resources Control Board, will allow the water purveyors to proceed with wellhead treatment projects to help to address the water supply crisis in these communities.

Tentative Resolution No. R8-2003-0017 would authorize the Executive Officer to execute the agreement with Goodrich. Staff recommends that the Board adopt that resolution.

CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD,  
SANTA ANA REGION

RESOLUTION NO. R8-2003-0017  
APPROVING AGREEMENT WITH  
GOODRICH CORPORATION

REGARDING INVESTIGATION REQUIREMENTS  
SET FORTH IN WATER CODE SECTION 13267 LETTER OF  
SEPTEMBER 24, 2002

1. Whereas, the California Regional Water Quality Control Board, Santa Ana Region (Regional Board), is conducting an extensive investigation of perchlorate contamination of water supply wells in the Rialto, Colton, and Fontana area of San Bernardino County (the "Perchlorate Contamination");
2. Whereas, as a result of the Perchlorate Contamination, the closure of numerous water supply wells has led to an urgent need for replacement water supply in those communities;
3. Whereas, the Regional Board Executive Officer has issued orders pursuant to California Water Code Section 13267 to several suspected dischargers of perchlorate requiring that they conduct comprehensive investigations to determine the sources of the Perchlorate Contamination;
4. Whereas, the Regional Board has requested that parties named in those orders respond to the urgent water supply needs of these communities;
5. Whereas, Goodrich Corporation (Goodrich) has proposed to enter into an agreement with the Cities of Colton and Rialto, the West San Bernardino County Water District, and the Fontana Water Company to provide substantial funding to allow those water purveyors to provide wellhead treatment for some of the affected wells;
6. Whereas, Goodrich's agreement to provide funding will substantially assist the water purveyors in those communities to perform wellhead treatment to commence remediation of the Perchlorate Contamination and to provide their residents with water;

7. Whereas, it is in the best interest of all concerned that the funding by Goodrich continue;

BE IT THEREFORE RESOLVED:

1. That, in consideration of Goodrich's providing the funding set forth in its proposed agreement with the water purveyors, for a period of two years from December 31, 2002, the Regional Board authorizes the Executive Officer to execute the Agreement with Goodrich, set forth as Attachment A.

I, Gerard J. Thibeault, Executive Officer, do hereby certify that the foregoing is a full, true, and correct copy of a resolution adopted by the California Regional Water Quality Control Board, Santa Ana Region, on January 17, 2003.

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Gerard J. Thibeault  
Executive Officer

AGREEMENT  
BETWEEN THE  
CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD,  
SANTA ANA REGION  
AND GOODRICH CORPORATION  
REGARDING INVESTIGATION REQUIREMENTS  
SET FORTH IN WATER CODE SECTION 13267 ORDER OF  
SEPTEMBER 24, 2002

This Agreement is made between the California Regional Water Quality Control Board, Santa Ana Region ("Regional Board"), and Goodrich Corporation ("Goodrich").

1. Whereas, the Regional Board is conducting an extensive investigation of perchlorate contamination of water supply wells in the Rialto, Colton, and Fontana area of San Bernardino County (the "Perchlorate Contamination");
2. Whereas, as a result of the Perchlorate Contamination, the closure of numerous water supply wells has led the Regional Board to believe there is an urgent need for a response action;
3. Whereas, the Regional Board has issued orders pursuant to California Water Code Section 13267 to several suspected dischargers of perchlorate requiring that they conduct comprehensive investigations to determine the sources of the Perchlorate Contamination;
4. Whereas, the Regional Board has requested that parties named in those orders respond to the urgent water supply needs of these communities;
5. Whereas, the Regional Board issued an order pursuant to California Water Code Section 13267 to Goodrich on September 24, 2002, requiring it to conduct a certain investigation of the Perchlorate Contamination (the "September 24, 2002 Order"), a copy of which is attached hereto as "Attachment A";
6. Whereas, Goodrich proposes to enter into an agreement with the Cities of Colton and Rialto, the West San Bernardino County Water District, and the Fontana Water Company to provide substantial funding to allow those water purveyors to provide wellhead

treatment for some of the affected wells (the "Agreement"), a copy of which agreement is attached hereto as "Attachment B";

7. Whereas, Goodrich denies that it is liable for the Perchlorate Contamination;
8. Whereas, Goodrich's Agreement to provide funding will substantially assist the water purveyors in those communities to perform wellhead treatment to commence remediation of the Perchlorate Contamination and to provide their residents with water;
9. Whereas, it is in the best interest of all concerned that the funding by Goodrich be made available;

Therefore, it is agreed:

1. That, contingent upon and in consideration of Goodrich's Agreement to provide the funding set forth in Attachment B, for a period of two years as set forth in the Agreement, the Regional Board shall hold in abeyance any enforcement action on the requirements set forth in the September 24, 2002 Order issued to Goodrich;
2. That, for a period of two years as set forth in the Agreement, the Regional Board shall not otherwise require Goodrich to conduct an investigation, remediation, or otherwise respond with respect to the Perchlorate Contamination;
3. That, the Regional Board shall in good faith use its best efforts to diligently pursue the identification of all suspected dischargers and sources of the Perchlorate Contamination and require others to investigate and remediate the Perchlorate Contamination during the term of the Agreement, including but not limited to work substantially similar to that proposed by Goodrich in response to the September 24, 2002 Order.
4. That, Goodrich shall in good faith execute its obligations under the Agreement in Attachment B.

\_\_\_\_\_  
By Gerard J. Thibeault  
Executive Officer  
California Regional Water Quality  
Control Board, Santa Ana Region

Date: \_\_\_\_\_

\_\_\_\_\_  
By xxxxxx xxxxxxxx,  
title  
Goodrich Corporation

Date: \_\_\_\_\_



# California Regional Water Quality Control Board

## Santa Ana Region



William H. Hickox  
Secretary for  
Environmental  
Protection

Internet Address: <http://www.swrcb.ca.gov/rwqcb8>  
3737 Main Street, Suite 500, Riverside, California 92501-3348  
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Gray Davis  
Governor

*The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website at [www.swrcb.ca.gov/rwqcb8](http://www.swrcb.ca.gov/rwqcb8).*

September 24, 2002

Mr. Peter R. Duchesneau  
Manatt, Phelps & Phillips  
11355 West Olympic Boulevard  
Los Angeles, CA 90064-1614

### **DIRECTIVE TO PROCEED WITH INITIAL PHASE OF PERCHLORATE INVESTIGATION IN THE VICINITY OF THE FORMER GOODRICH FACILITY, CITY OF RIALTO, SAN BERNARDINO COUNTY, CALIFORNIA**

Dear Mr. Duchesneau:

As you are aware, perchlorate has been detected in municipal water supply wells in the Rialto and Colton Groundwater Subbasins. These water supply wells are located downgradient of the 160-acre site (site) of the former Goodrich Corporation (Goodrich) facility. During the 1950s and 1960s, Goodrich manufactured and tested solid rocket propellant at the site, using perchlorate salt as an oxidizer for the propellant. This letter sets forth a requirement under California Water Code Section 13267 that you conduct an investigation to define the lateral and vertical extent of perchlorate in soil and groundwater at the former Goodrich property in Rialto. As required by that provision, this letter contains an explanation of the need for the investigation, and cites evidence supporting the requirement.

#### Background

Perchlorate contamination was first detected in groundwater in the Rialto and Colton Subbasins in 1997. At that time, the California Department of Health Services (DHS) Action Level (AL) for perchlorate in drinking water was 18 parts per billion (ppb). Two wells had perchlorate levels exceeding 18 ppb and were shut down. In January 2002, the DHS lowered the AL to 4 ppb. In response to the reduced AL for perchlorate, the local water purveyors in the Rialto and Colton Groundwater Subbasins restricted or eliminated the use of additional production wells with perchlorate concentrations that exceeded 4 ppb. Between 1997 and the present, various suspected perchlorate dischargers, including Goodrich, have been identified.

#### Requirement for an Investigation

Board staff first contacted Goodrich in August 2001, requesting that they provide information regarding their historical activities at the Rialto site and conduct an investigation of soil and groundwater at the site. During subsequent correspondence, Goodrich agreed to initiate a limited, phased investigation at the site. Goodrich submitted a draft work plan for the limited groundwater investigation in May 2002. Subsequently, I issued Cleanup and Abatement Order (CAO) No. R8-2002-0051 on June 6, 2002. The CAO, in part, required Goodrich and the Kwikset Corporation to submit a proposal with a one-year implementation schedule to obtain information and define the lateral and vertical extent of the perchlorate in soil and groundwater.

*California Environmental Protection Agency*



The CAO was rescinded by the Board on September 13, 2002, after you (on behalf of Goodrich) provided assurance to the Board that Goodrich would proceed with the perchlorate investigation in cooperation with Board staff and the local water purveyors. The Board then directed staff to issue individual letters under California Water Code Section 13267 to Goodrich and the other suspected perchlorate dischargers that have been identified. The Board also expressed a strong desire that the suspected perchlorate dischargers work with the local water purveyors to provide replacement water during the loss or limited use of their production wells.

#### The Need for the Investigation

The Santa Ana Regional Water Quality Control Board is charged with the protection of water quality in this Region. We have been working actively with the water purveyors for several years to identify the extent and address the impact of perchlorate contamination on water resources in the Colton and Rialto Groundwater Subbasins. The water purveyors whose wells have been contaminated with perchlorate now face a state of emergency, and may not be able to provide an adequate water supply to their customers. It is urgent that the sources of the contamination be identified, and the magnitude of the perchlorate plume defined.

#### Evidence Supporting the Requirement for an Investigation

Enclosed as attachments are the following documents:

1. Attachment 1 – Correspondence between RWQCB and Goodrich Corporation
2. Attachment 2 – Well Location Map, showing perchlorate contamination in municipal water supply wells.
3. Attachment 3 – Written summary by Mr. John Kase, former employee of Goodrich.
4. Attachment 4 – Declaration of August 27, 2002 by Mr. John Kase, former employee of Goodrich.

The evidence demonstrates that Goodrich used perchlorate salts at the Rialto site during the 1950s and 1960s. Groundwater data indicates that perchlorate concentrations exceed the AL in municipal water supply wells that are located downgradient of the former Goodrich facility. Based on the evidence, Goodrich is suspected of having discharged perchlorate waste that has adversely affected water quality. This evidence supports the requirement for an investigation, as defined in Section 13267(b)(1) of the California Water Code.

#### Specific Comments on the Proposed Work Plan for the Investigation

On July 17, 2002, Goodrich submitted a revised work plan entitled "Implementation Schedule and Work Plan in Response to Cleanup and Abatement Order No. R8-2002-0051 Issued to Goodrich Corporation." This work plan was prepared by Conestoga-Rovers & Associates (CRA). According to CRA, Goodrich proposes to obtain and assess available information concerning the perchlorate in local water supply wells, the local hydrogeology, and other pertinent information, prior to proposing a long-term comprehensive work plan for an investigation of the perchlorate contamination and any future remediation, if necessary. Goodrich proposes to implement a phased program, where the necessity for further investigation will be determined after completion of the first two phases outlined in the work

plan. Goodrich proposes to work with Board staff to determine how to proceed with additional phases of investigation.

Goodrich proposes to drill two boreholes, each containing two nested monitoring wells, along the downgradient perimeter of the 160-acre site. These monitoring wells are proposed to be utilized to measure groundwater elevations, and to obtain representative groundwater samples for chemical analyses. Goodrich proposes that one well pair be located along Locust Avenue approximately 600 feet north of the intersection of Summit Avenue and Locust Avenue. The other well pair is proposed to be located along the extension of Summit Avenue, approximately 800 feet west of the intersection of Summit Avenue and Locust Avenue. Any necessary well permits will be obtained, and a health and safety (H&S) plan and quality assurance plan will be submitted to the RWQCB. The H&S plan will be in place prior to the commencement of drilling activities.

CRA recognizes that three aquifer zones (A, B, and C) are present. A discussion of the three aquifer zones is included in conjunction with Board staff's recommendations, below. The monitoring wells are proposed to be located in 12-inch diameter boreholes drilled by the air percussion method. A continuous core sample is proposed to be obtained through the A/B aquitard (confining layer) to a depth of 15 feet into Aquifer B, the second aquifer. Monitoring wells are proposed to be completed using Schedule 80 PVC well screen, 1.913-inch ID, 15-foot screen length, and No. 20 slot machined openings, threaded and flush-coupled joints.

The wells are proposed to be developed to a silt-free condition prior to collection of groundwater samples. Soil samples are proposed to be obtained from split-spoon samplers or from a continuous core at each borehole location. Soil samples are proposed to be analyzed for grain size (sieve analyses) in accordance with ASTM Method D422. Groundwater samples are proposed to be collected and water quality constituents analyzed according to the standard USEPA Method protocols pertinent to the individual chemicals being analyzed for. Proper chain-of-custody procedures are proposed to be strictly adhered to. One round of groundwater sampling and analysis is proposed to be performed immediately, followed by a confirmation round one month later. The need for future monitoring events is proposed to be determined after reviewing the analytical results.

Based on our review of the work plan, and the comments received from Kennedy/Jenks Consultants on behalf of the Inland Empire Perchlorate Regulatory Task Force, we concur with the phased-approach investigation of soil and groundwater in the immediate vicinity of the former 160-acre Goodrich facility, with the following conditions:

1. For the initial phase of the groundwater investigation at the former 160-acre site, a minimum of three downgradient and one upgradient groundwater monitoring well pairs should be installed. We believe that two nested monitoring wells should be installed at each of three separate locations downgradient, along the southern boundary of the former site, in an alignment along the extension of Summit Avenue. One downgradient well pair should be located approximately 600 feet west of the intersection of Summit Avenue and Locust Avenue, and another pair should be approximately 2,100 feet west of that intersection. The third downgradient monitoring well location should be along Locust Avenue, approximately 600 feet north of the intersection as illustrated on Figure 1 of your work plan. We recognize that it may be difficult to obtain access to private property upgradient of the former Goodrich site. The upgradient well location may be situated in the right-of-way of Casa Grande Park Avenue (just west of Alder Avenue), if feasible. The final locations of the monitoring wells will be subject to my review and approval.

2. The monitoring wells should be drilled to a minimum depth of 500 feet bgs using air rotary casing-hammer drilling techniques. Centralizers should be used to position each monitoring well screen within the borehole. Discrete soil samples should be collected within 10 feet of the top and bottom of the aquitard that separates the A-zone and B-zone aquifers, to assess potential residual presence of perchlorate. These discrete soil samples should be collected using a drive barrel sampler equipped with a stainless steel sampling tube.
3. According to drilling logs and monitoring data from monitoring wells at the Mid-Valley Sanitary Landfill (MVSL), the general aquifer conditions for the immediate area of the 160-acre site consists of three aquifers (A, B, and C), separated by two fine-grained aquitards. The depth to the first aquitard is approximately 330 feet below ground surface (bgs). The second aquitard is approximately 485 feet bgs. Based on recent (June 2002) groundwater elevation measurements for existing monitoring wells at the MVSL, groundwater was encountered at approximately 395 feet bgs (F-6 monitoring well). This information indicates that the groundwater is currently present in the lower portion of the B-zone aquifer, while the A-zone aquifer is currently dry.
4. Drilling activities for the four new wells at the MVSL were initiated on August 3, 2002. These recent activities provide good reference data for planning the proposed drilling project at the former Goodrich site. In August, the first groundwater zone was encountered at approximately 395 to 399 feet bgs. Further, it was determined through depth-discrete groundwater sampling that perchlorate is present in the groundwater throughout the entire depth of the B-zone aquifer east of the landfill (downgradient of the former Goodrich site). Therefore, your proposed drilling procedure should include a depth-discrete sampling program for groundwater, utilizing temporary wells to collect the samples throughout the drilling operation. Once the borehole approaches the anticipated depth of first groundwater, groundwater samples should be collected by installing and sampling temporary wells (two-inch diameter, segmented, threaded Schedule 80 PVC casing). Based on the laboratory analytical results for samples collected from the temporary wells, the most impacted groundwater zone should be identified, in consultation with Regional Board staff, and a permanent monitoring well should be installed in that zone. Well screen intervals may be 20 to 30 feet in length, but should not exceed 30 feet in length.
5. Based, in part, on our review of design components for local monitoring wells, including those installed at the MVSL, Board staff believes that the two-inch inner diameter (ID), schedule 80 PVC monitoring wells proposed by CRA may not provide the structural strength necessary for the anticipated well depth (greater than 480 feet total depth). Based on our experience, the two-inch ID PVC casings are likely to bend or break during installation, owing to the depth of the borehole and weight of the PVC on the threaded pipe sections. Two-inch ID stainless steel casings have been used successfully at other sites in this locality, and the wells have proven to be problem-free, both during installation and post-installation, as intended for short-term monitoring programs in shallower zones (i.e., up to 350 feet depth). However, considering the need for permanent monitoring points in the deeper aquifer zones, we strongly recommend that you consider increasing the diameter of the boreholes for each nested pair, and install two four-inch diameter well casings in each borehole. We would approve the use of four-inch ID, schedule 80 PVC casing for such wells.
6. In order to determine whether the C-zone aquifer has been impacted by perchlorate at each well location, the last depth-discrete groundwater sample should be collected in the C-zone.

A 4-inch diameter PVC monitoring well with a screened interval not to exceed 10-feet should be installed at this depth. Once completed, your C-zone monitoring wells (in conjunction with the MVSL wells) can be utilized to establish the groundwater gradient and flow direction in this area. Selection of the well screen depth and interval of the monitoring well in the B and C-zones must be made in consultation with Board staff. All the well materials should be virgin, decontaminated and factory sealed well materials. All screen and well casings shall be flush-threaded, and a threaded bottom cap must be placed at the base of the well. No glue or solvents shall be used to join pipe sections.

7. Completed wells must be developed using bailing or surging techniques to settle the sand pack and remove fine-grained sediments. The level of the sand pack within the annulus of the borehole will be measured both before and after the development process, and additional sand will be added to the borehole, using a tremie pipe, to bring the sand pack to the design-specified elevations. A tremie pipe will also be used for placement of the well seal materials in the borehole annulus. Following construction of the well seal, the annular grout will be allowed to harden for a minimum of 24 hours prior to final well development. At that time, the well will be developed by pumping and surging with a well-development pump or bailer until visually clear, non-turbid (NTU less than 20) water is discharged from the well, and the temperature, pH, and specific conductivity of the discharge water stabilizes. During the completion of the wells, sand pack will be placed in the borehole annulus from one foot below to three feet above the C-zone well screen. A bentonite seal will be placed and hydrated prior to continuing the placement of the annular seal, using a tremie pipe as described above.
8. Groundwater samples will be submitted to a state-certified testing laboratory for analysis of perchlorate by using USEPA Method 314.0. In addition to testing for perchlorate (using the lowest possible method detection limit), we request that groundwater collected from the permanent monitoring wells be tested for N-nitrosodimethylamine (NDMA) using the USEPA method approved by the California Department of Health Services, with a reporting limit of 2.0 nanograms per liter. Groundwater samples should also be tested for general water chemistry parameters.
9. Please note that certain well records and groundwater information that have been submitted to Board staff by local water agencies is considered privileged and confidential, as allowed by law. As such, some of the information that has been requested by CRA may not be available at this time, and water agency staff may have to be consulted for this information. Board staff believes that, prior to Goodrich initiating their comprehensive groundwater investigation (i.e., after this initial investigation), arrangements could be made to obtain the necessary information from the water agencies whose wells have been impacted by perchlorate. We ask that Goodrich initiate contact with the local water purveyors to obtain this information. Additionally, in conformance to the directive from the Regional Board, Goodrich should initiate a discourse with the water purveyors regarding water supply replacement options.

Please contact Kamron Saremi, Project Engineer, at least seven days in advance of commencing your drilling activities, so that he may arrange to be present at the site. Mr. Saremi's telephone number is (909) 782-4303. Any modifications to this drilling plan is subject to my approval. Based on the results of the initial phase of this investigation, the need for additional investigations, both on-site and off-site, will be evaluated, and you will be notified of additional requirements as soon as possible.

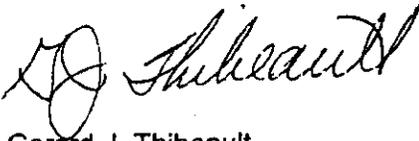
Deadlines

1. A revised work plan including the revisions specified above must be submitted by, and the project must be initiated by, October 15, 2002.
2. All analytical results, groundwater measurements, and field information are to be submitted by fax to Board staff within 24 hours of being generated, throughout all stages of work, and during all phases of the investigation. The office fax number to be used for your data transmittals is (909) 781-6288.
3. The final report for the initial phase of this soil and groundwater investigation, including (at a minimum) the borehole logs, well construction details, groundwater elevation data, and soil and groundwater analytical results, must be submitted to Board staff within 30 days of completing the field work.

**Failure to submit the required information by the specified deadline may subject you to administrative civil liability in the amount of up to \$1,000 per day pursuant to Section 13268(a) and (b) of the California Water Code.**

If you have any questions about this letter, please contact Mr. Saremi at the number listed above, or you may call Ann Sturdivant, Chief of our Spills, Leaks, Investigations and Cleanups Section, at (909) 782-4904.

Sincerely,



Gerard J. Thibeault  
Executive Officer

Attachments:

- 1 - Correspondence between RWQCB and Goodrich Corporation.
- 2 - Well Location Map, showing perchlorate contamination in municipal water supply wells.
- 3 - Written summary by Mr. John Kase.
- 4 - Declaration of August 27, 2002 by Mr. John Kase.
- 5 - Mailing List.

cc w/out attachments:

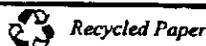
Regional Board  
Jorge Leon, Office of Chief Counsel, SWRCB  
Inland Empire Perchlorate Regulatory Task Force (see mailing list)

cc w/attachments:

Bruce Amig, Goodrich Corporation

AES/Data/SLIC/Rialto perchlorate 01-02/13267/Goodrich wkplan 13267

*California Environmental Protection Agency*



## INTERIM SETTLEMENT AGREEMENT

This Interim Settlement Agreement (the "Interim Agreement"), dated as of December 31, 2002, is entered into by and between the City of Colton, the City of Rialto, Fontana Water Company, a division of the San Gabriel Valley Water Company, and the West San Bernardino County Water District (collectively the "Water Purveyors"), on the one hand, and Goodrich Corporation ("Goodrich"), on the other hand (hereinafter, individually a "Party" and collectively, the "Parties"), with reference to the following facts:

### RECITALS

- A. The Water Purveyors own and operate water supply wells in the groundwater basins in and around the cities of Fontana, Rialto and Colton, California, including, but not limited to, the Rialto, Colton, and Chino Basins (the "Affected Basins").
- B. The California Department of Health Services' ("DHS") Action Level ("AL") for perchlorate was lowered on January 18, 2002 from 18 to 4 parts per billion ("ppb").
- C. Perchlorate has been discovered in certain of the Water Purveyors' water supply wells in the Affected Basins (the "Perchlorate Contamination").
- D. The Water Purveyors assert that laboratory analyses of the groundwater samples indicate that several of the Water Purveyors' wells exceed California's AL for perchlorate. The Water Purveyors assert that they have shut down certain water production wells or have had to limit use of the wells as a result of the Perchlorate Contamination and believe that additional wells may have to be shut down in the future.
- E. The Water Purveyors allege that perchlorate was disposed, discharged and released into the Affected Basins by various entities that conducted manufacturing and other operations in the area, including, but not limited to, Goodrich.
- F. Goodrich denies that it is liable or responsible for the Perchlorate Contamination. Goodrich contends, for example, that there are other more likely sources of the Perchlorate Contamination and that many of the affected wells could not have been impacted from its operations given the hydrogeology of the area and that Goodrich operated in a limited area located in only one groundwater basin.
- G. The Water Purveyors intend to begin installing and operating wellhead treatment systems at some of the affected water wells to treat the waters impacted by the Perchlorate Contamination in order to alleviate what they believe are emergency conditions caused by the Perchlorate Contamination in the Affected Basins and to remediate the Perchlorate Contamination.

H. After rescinding a Cleanup and Abatement Order issued by its Executive Officer pursuant to California Water Code Section 13304 issued to Goodrich to remediate the Perchlorate Contamination, the California Regional Water Quality Control Board, Santa Ana Region ("SARWQCB") pursuant to California Water Code Section 13267 ordered Goodrich on or about September 24, 2002, to conduct an investigation of a portion of the Perchlorate Contamination (the "September 24, 2002 Order").

I. At the urging of the SARWQCB, Goodrich proposes to enter into an interim agreement with the Water Purveyors to provide funding to assist them in initiating wellhead treatment for some of the affected wells in lieu of complying with the September 24, 2002 Order during the 24 month term of this Interim Agreement;

J. The Parties desire to reach an interim settlement with respect to the Perchlorate Contamination pursuant to the terms and conditions of this Interim Agreement.

**IT IS THEREFORE AGREED AS FOLLOWS:**

1. Payment by Goodrich

Goodrich shall pay to the Water Purveyors the sum of Four Million Dollars (\$4,000,000.00) ("Goodrich Payment") to be only used for wellhead treatment of the Perchlorate Contamination. The Goodrich Payment shall be made in full within five (5) business days of execution of this Interim Agreement issued in a single check, payable to the Musick, Peeler & Garrett LLP Trust Account, and subject to the terms and conditions as described below. The Goodrich Payment shall be refunded to Goodrich if the conditions of Paragraphs 3 and 4 are not fulfilled by January 31, 2003.

2. Term of this Interim Agreement

The term of this Interim Agreement is twenty-four (24) months and expires on December 31, 2004.

3. Review By City Councils and Governing Boards

This Interim Agreement and all terms are conditioned on the review and approval by all of the City Councils and the governing boards of the Water Purveyors, as applicable, on or before January 31, 2003.

4. SARWQCB Agreement

This Interim Agreement is conditioned on the execution of a separate agreement between Goodrich and the SARWQCB on or before January 31, 2003 ("SARWQCB Agreement"). As part of the SARWQCB Agreement, the SARWQCB shall: (i) approve this Interim Agreement; (ii) deem this Interim Agreement pursuant to and in satisfaction of Goodrich's obligations to respond to the September 24, 2002 Order and other

directives; (iii) agree to forbear from ordering Goodrich to respond in any other way to the Perchlorate Contamination during the term of this Interim Agreement; and (iv) in good faith diligently pursue the identification of all suspected dischargers and sources of the Perchlorate Contamination and in good faith require others to investigate and remediate the Perchlorate Contamination during the term of this Interim Agreement, including but not limited to fulfilling the requirements set forth in the September 24, 2002 Order.

5. United States EPA

The Water Purveyors shall use their best efforts to assist Goodrich in obtaining an agreement from United States Environmental Protection Agency ("US EPA") to forbear from issuing any orders to Goodrich with respect to the Perchlorate Contamination during the 24 month term of this Interim Agreement. This includes, but is not limited to, all actions by the US EPA under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. §§ 9601, *et seq.* (except for § 104(e)), and/or the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. §§ 6901, *et seq.* "Best efforts" shall not include any obligation to initiate, participate in or defend any litigation, litigation related activity or administrative action.

6. Pursuit of other PRPs

The Water Purveyors shall use good faith efforts to vigorously pursue other potentially responsible parties ("PRPs"), including but not limited to, conducting a search of the Chino Basin and the Colton area for dischargers and other potential perchlorate sources, in addition to Rialto and any other areas of suspected discharges. The decision to sue or otherwise pursue any individual PRP shall be determined in good faith in the sole discretion and judgment of each individual Water Purveyor's City Council or Governing Board, as applicable.

7. Sharing of Information Regarding Other PRPs

The Parties mutually agree to share information concerning other PRPs and that the sharing of information will not constitute a waiver of the attorney client privilege or attorney work product doctrine protections afforded such information.

8. Interim Nature of Agreement and Credits to Goodrich

- (a) This Interim Agreement shall be interim and shall not in any way set a precedent for a final allocation or agreement, if any.
- (b) Goodrich shall receive dollar for dollar credit for the full amount paid in the event of any future settlement and/or allocation related to the Perchlorate Contamination involving any or all of the Water Purveyors.

- (c) Goodrich shall be entitled to a total set-off in the full amount of the Goodrich Payment against any future judgment or other resolution involving any or all of the Water Purveyors.
- (d) The Water Purveyors shall use good faith efforts to assist and support Goodrich to receive credit for the full amount of the Goodrich Payment in any allocation among PRPs concerning the Perchlorate Contamination.

9. No Admission of Liability

This Interim Agreement is not, and shall not be portrayed as, an admission of liability. This Interim Agreement shall not be used and shall be inadmissible as evidence of liability in any way, including but not limited to pursuant to California Evidence Code § 1152.

10. Press Release Regarding this Interim Agreement

Goodrich, the Water Purveyors and the SARWQCB shall endeavor to issue a joint press release regarding this Interim Agreement.

11. Tolling of all Applicable Statutes of Limitation

Goodrich and the Water Purveyors hereby agree to toll the running of any statutes of limitation and any other statute, law, rule or principle of equity with similar effect (collectively "Statutes of Limitation") during the 24 month term of this Interim Agreement with respect to any and all rights, claims, causes of action, counterclaims, third party claims or cross claims either Party may wish to assert against the other Party or its predecessors or successors, and each of them, that are based on or arise out of the Perchlorate Contamination.

12. Forbearance of Litigation Against Goodrich

For the 24 month term of this Interim Agreement, the Water Purveyors shall forbear from filing suit against Goodrich with respect to the Perchlorate Contamination in any respect, including but not limited to cross claims and third party actions. In the event of a lawsuit by a third party, the Water Purveyors will not object to a tolling agreement between the third party and Goodrich.

13. Wellhead Treatment Work

Goodrich shall be regularly kept informed of any wellhead treatment work with respect to the Perchlorate Contamination and shall have access to all non-privileged data and information, including cost, contractual and technical information to the extent permitted by law. Goodrich will not have any responsibility or decision making authority as to methods or operations of any treatment systems, Water Purveyor wells or water

distribution systems and shall not be a partner, co-venturer or in any way liable for such methods or operations.

14. Treatment Level for Perchlorate Contamination

The Goodrich Payment shall not be attributed to any particular treatment level for perchlorate discovered in groundwater.

15. Information and Data Concerning Affected Water Systems

To the extent permitted by law and contracts, the Water Purveyors agree to provide Goodrich with non-privileged information and data concerning their respective water systems and the affected groundwater, including but not limited to:

- (a) All analytical results, including laboratory reports and data summaries, for all chemical constituents, and the associated sample collection procedures and methodology employed during the sampling.
- (b) Identification of all wells and each wells' specific location, purpose, status (i.e. active, abandoned, inactive, etc), service area, pumping rates, operating interval(s), and historical data on pumping rates and volumes, well construction, completion and repair information, and drilling/stratigraphic logs.
- (c) Groundwater level information from production wells and any other wells and information concerning the conditions during measurement (e.g., whether measurements were obtained during pumping).
- (d) Information on wells' areas of influence, including capture zones.
- (e) Sources and locations of recharge areas within the Rialto-Colton and Chino basins.
- (f) Analytical data and pumping rates and volumes for the recharge water.
- (g) DHS inspection reports for the Water Purveyors' water systems.

All information referenced in this Paragraph 15 which is privileged, trade secret, protected by the right of privacy, or otherwise confidential under the law ("Confidential"), shall only be disclosed pursuant to a separate confidentiality agreement to be executed between the Parties. By the receipt of any information deemed Confidential, Goodrich does not waive any rights to later pursue such information in discovery during any future litigation. The Water Purveyors agree to provide the information referenced in this paragraph to the extent it already exists by March 15, 2003

and to provide newly obtained information within a reasonable time after its receipt. In addition, Goodrich shall furnish the Water Purveyors with copies of any report, filing, study, memorandum or other documents ("Publications") that are provided to unrelated third parties during the term of this Interim Agreement where such Publications refer to, publish, or expressly rely solely upon the data furnished by any Water Purveyor.

16. Notice

All notices sent pursuant to the terms and conditions of this Interim Agreement shall be sent:

**To Goodrich Corporation:**

Craig A. Moyer, Esq.  
Peter R. Duchesneau, Esq.  
MANATT, PHELPS & PHILLIPS, LLP  
11355 West Olympic Boulevard  
(310) 312-4353 (Telephone)  
(310) 914-5777 (Facsimile)

**To the Water Purveyors:**

Barry C. Groveman, Esq.  
Steven J. Elie, Esq.  
MUSICK, PEELER & GARRETT LLP  
One Wilshire Boulevard, Suite 2000  
Los Angeles, California 90017  
(213) 629-7600 (Telephone)  
(213) 624-1376 ( Facsimile)

17. Amendment

This Interim Agreement cannot be amended modified, clarified or explained, except by a writing executed by all of the Parties which expresses, by its terms, an intention to modify this Interim Agreement.

18. Choice of Law

Any dispute regarding the interpretation of this Interim Agreement, the performance of the Parties pursuant to the terms of this Interim Agreement, or the damages accruing to a Party by reason of any alleged breach of this Interim Agreement shall be determined under the laws of the State of California, without reference to principles of choice of law.

19. Representation by Independent Counsel

Each Party acknowledges and warrants that it has been represented by independent counsel of its own selection in connection with the negotiations leading to this Interim Agreement and the drafting of this Interim Agreement; and that in interpreting this Interim Agreement, the terms of this Interim Agreement will not be construed either in favor of or against any Party.

20. Authorization

Each of the undersigned represents that he or she is duly authorized on behalf of their respective Party to enter into this Interim Agreement, subject to the authorizations set forth in Paragraph 3 above.

21. Counterparts

This Interim Agreement may be executed in counterparts.

*Remainder of Page Left Blank Intentionally*

###

IN WITNESS WHEREOF, the Parties have executed this Interim Agreement as of the day and year set forth above.

**CITY OF COLTON**

\_\_\_\_\_  
By: Daryl Parrish  
Its: City Manager

**CITY OF RIALTO**

\_\_\_\_\_  
By: Henry Garcia  
Its: City Administrator

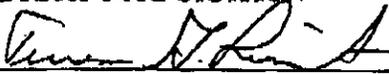
**FONTANA WATER COMPANY, A DIVISION OF  
SAN GABRIEL VALLEY WATER COMPANY**

\_\_\_\_\_  
By: Michael L. Whitehead  
Its: President

**WEST SAN BERNARDINO COUNTY WATER DISTRICT**

\_\_\_\_\_  
By: A. W. "Butch" Araiza  
Its: General Manager

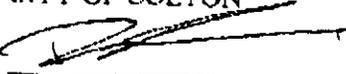
**GOODRICH CORPORATION**

  
\_\_\_\_\_  
By: Terrence G. Linnert, Esq.  
Its: Senior Vice President, Human Resources & Administration,  
General Counsel

40580491.1

IN WITNESS WHEREOF, the Parties have executed this Interim Agreement as of the day and year set forth above.

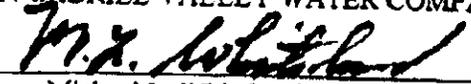
CITY OF COLTON

  
By: Daryl Parrish  
Its: City Manager

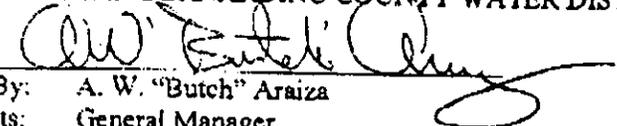
CITY OF RIALTO

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By: Henry Garcia  
Its: City Administrator

FONTANA WATER COMPANY, A DIVISION OF  
SAN GABRIEL VALLEY WATER COMPANY

  
By: Michael L. Whitehead  
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GOODRICH CORPORATION

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By: Terrence G. Linnert, Esq.  
Its: Senior Vice President, Human Resources & Administration.  
General Counsel

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CITY OF COLTON

By: Deryl Parrish  
Its: City Manager

CITY OF RIALTO

  
By: Henry Garcia  
Its: City Administrator

FONTANA WATER COMPANY, A DIVISION OF  
SAN GABRIEL VALLEY WATER COMPANY

By: Michael L. Whisenand  
Its: President

WEST SAN BERNARDINO COUNTY WATER DISTRICT

By: A. W. "Burch" Araiza  
Its: General Manager

GOODRICH CORPORATION

By: Terrence G. Lindert, Esq.  
Its: Senior Vice President, Human Resources & Administration,  
General Counsel