

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.



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: Jan 30, 2003



By Terrence G. Linnert
Executive Vice President
Human Resources and Administration
General Counsel
Goodrich Corporation

Date: Jan 28, 2003

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.