



DEPARTMENT OF THE NAVY  
SOUTHWEST DIVISION  
NAVAL FACILITIES ENGINEERING COMMAND  
1220 PACIFIC HIGHWAY  
SAN DIEGO, CA 92132-5190

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MCAS EL TORO  
SSIC # 5090.3

5090  
Ser 1831.AP/744  
September 4, 1996

Mr. William R. Mills, Jr.  
General Manager  
Orange County Water District  
P.O. Box 8300  
Fountain Valley, CA 92728-8300

Dear Mr. Mills:

The Department of the Navy (DON) remains committed to working with the Orange County Water District (OCWD) to effectively remediate volatile organic compound (VOC) contamination originating from MCAS El Toro. We are aware of your concerns regarding Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) remedy selection for the principal aquifer as expressed in recent communications. We would like to take this opportunity to clarify how DON intends to address those concerns.

This letter addresses several aspects of ongoing discussions between DON and OCWD. More specifically, this letter addresses the recently concluded Settlement Agreement regarding the groundwater extraction well "ET-1," clarifies DON's position regarding final settlement with OCWD, and seeks clarification of OCWD's current position.

It is my pleasure to transmit to you a signed original copy of the Settlement Agreement between OCWD and DON regarding past costs OCWD incurred in constructing and operating ET-1 (enclosure (1)). I have also enclosed a United States Treasury check in the amount of \$1,811,310 in full and final satisfaction of that agreement (enclosure (2)). With the payment to OCWD under this ET-1 Settlement Agreement, along with the previous payment of \$797,062.69 under the August 13, 1993, Settlement Agreement addressing groundwater monitoring wells MCAS Nos. 1 through 10, DON has paid OCWD a total of \$2,608,372.69 for past costs. DON believes that these two agreements cover OCWD expenses to date potentially attributable to DON and not associated with OCWD's proposed Irvine Desalter Project (IDP).

As you know, DON is currently pursuing CERCLA remedy selection for the principal aquifer as provided in the Federal Facility Agreement (FFA) between DON, the U. S. Environmental Protection Agency (USEPA), California Department of Toxic Substances Control (DTSC), and the Santa Ana Regional Water Quality Control Board (RWQCB). Pursuant to the FFA, DON anticipates publishing a CERCLA Proposed Plan for public review and comment in the March 1997 time period. A critical unresolved issue relating

to remedy selection is the current position of OCWD regarding agreement with DON for treatment and disposal of VOC-contaminated groundwater extracted from the principal aquifer.

This is not a new issue. On October 26, 1994, DON transmitted a settlement offer to OCWD in the form of a proposed Settlement Agreement relating to implementation of potential remedial action for the principal aquifer based on OCWD's planned IDP. That settlement offer included an offer by DON to pay OCWD \$15,864,162 in exchange for, among other things, an OCWD commitment to implement the portion of the CERCLA Record of Decision (ROD) for OU#1 addressing the principal aquifer and OCWD releases of potential DON liability to OCWD. The amount of \$15,864,162 included 100% of the costs for required VOC treatment; a 39% share of the costs for the IDP extraction wells, land/easements, facilities, and pipeline conveyances; a 50% share for lab analysis of treated water, past costs associated with Well ET-1 and well testing/sampling; and the cost of preparing FFA deliverables relating to Remedial Design/Remedial Action (RD/RA).

On November 22, 1994, the parties met to discuss DON's settlement offer. At the meeting, OCWD presented a draft Settlement Agreement proposing a settlement figure of \$96,349,290 out of a total estimated IDP cost of \$120,122,391. Discussions revealed that the wide disparity between the parties' respective offers was primarily due to a) disagreement over DON's liability for OCWD's anticipated desalinization costs relating to total dissolved solids (TDS) and nitrates from natural and agricultural sources and b) disagreement over potential RWQCB TDS/nitrate clean-up requirements. The parties agreed that further investigation of the TDS/nitrate issues was necessary before negotiations could proceed further. Although OCWD later retracted this offer, OCWD has not made a subsequent counteroffer and has continued to demand that DON pay all or a portion of TDS/nitrate treatment costs.

Over the ensuing two years, DON has undergone two major revisions of the CERCLA Interim Action Feasibility Study (IAFS) relating to OU#1. The first revision, dated October 15, 1995, incorporated a number of remedial alternatives that focused on alternative means of disposing of extracted groundwater to the IDP. The second revision addressed comments and concerns raised by USEPA, DTSC and the RWQCB regarding the cost effectiveness of groundwater pump and treat technology for OU#1 and addressed additional remedial alternatives incorporating natural attenuation in lieu of pumping and treating of the VOC contamination in the principal aquifer.

Another recent development affecting the draft IAFS and CERCLA remedy selection for the principal aquifer has been the acceleration of the FFA schedule for addressing the Site 24 VOC source area/OU#2A, to be compatible with the schedule for OU#1. This

5090  
Ser 1831.AP/744  
September 4, 1996

acceleration was requested and encouraged by USEPA, DTSC, and the RWQCB. It is now possible to consider cost effective source control/treatment solutions which may reduce the overall cost and duration of groundwater remediation. On August 9, 1996, DON submitted a revised draft final IAFS for OU#1 and a draft FS for OU#2A to the USEPA, DTSC, and the RWQCB for their review and comment pursuant to the FFA.

Our position concerning the TDS and nitrate contamination of the regional groundwater is straightforward. Because this contamination comes from natural and agricultural sources, DON is not liable for the cost of removing this contamination from the groundwater and should not unfairly bear the cost of cleanup of those contaminants as demanded by OCWD in its December 13, 1995, comments on the draft IAFS. In addition to the fact that TDS and nitrates are not CERCLA hazardous substances, the Navy lacks the statutory authority to pay costs not associated with DON activities.

TDS/nitrate treatment costs have not been included in the IAFS because they are non-CERCLA costs. As presented in the draft IAFS and confirmed by the RWQCB, the Santa Ana River Basin Water Quality Control Plan does not require TDS/nitrate treatment prior to reinjection after VOC treatment so long as TDS/nitrate levels are not degraded at the point of reinjection. TDS/nitrate costs have not been included in the IAFS for alternatives involving delivery of extracted water to water purveyors, because those costs are non-CERCLA costs associated with local governmental TDS/nitrate plume control and water supply development interests. It is worth noting that inclusion of such costs would raise serious concerns regarding the cost-effectiveness of such alternatives.

OCWD developed the IDP as a multiple-purpose project serving the following needs: Regional TDS/nitrate contaminant plume control, local water supply development, and VOC plume control. DON and OCWD staff jointly evaluated the financial viability of the IDP in 1995. This evaluation was based upon the existing IDP financing via the sale of water at the then newly-revised Metropolitan Water District rates and concluded that OCWD and Irvine Ranch Water District (IRWD) needed an estimated \$12,400,000 in additional funds to locally finance the project.

Information from the joint evaluation was incorporated into Appendix I of the October 15, 1995, OU#1 draft IAFS which concluded that the revenue from the sale of water would be sufficient to cover the majority of OCWD's and IRWD's water supply development and TDS/nitrate treatment costs. OCWD did not disagree with this conclusion in its comments on the appendix and in its December 13, 1995, letter to DON, OCWD gave further support to this conclusion by identifying potential DON payment of TDS/nitrate costs as an "incidental benefit" to "OCWD and its customers" and that this should not be any concern to DON. This "incidental benefit" is potentially

as high as \$84 million--the difference between the \$96 million OCWD previously requested from DON and the additional funds required to finance the project. State and local governments are free to utilize their own resources to enhance a CERCLA remedy to address non-Federal, local pollution problems such as the TDS/nitrate contamination originating from natural and agricultural sources.

DON is now in the position where it must determine how best to proceed. While it is still interested in pursuing a remediation effort incorporating elements of the IDP, in order to meet the FFA schedule the Navy will have to proceed independently if an accommodation cannot be reached with OCWD in the very near future. If OCWD should elect to proceed with the IDP project to address water supply needs and TDS/nitrate groundwater pollution control, DON continues to be willing to address the incremental costs to OCWD for addressing VOC contamination originating from MCAS EI Toro in a manner consistent with CERCLA and the NCP.

At this time, DON is prepared to offer \$11,490,676 in full and final settlement of any claims OCWD has against DON relating to the IDP. This offer is made subject to the same terms and conditions as our October 1994 offer. As explained in greater detail below, the reduction in the amount we are offering is primarily because of two things. First, the earlier offer included \$1,511,854 for past costs. These costs have now been paid as a result of the settlement for costs at ET-1. Second, we have reduced the amount allowed for operation and maintenance (O&M) by \$2,541,132. When our earlier offer was made, we anticipated that it would be necessary to continue VOC treatment for 40 years. Studies conducted since October 1994 now indicate that most of the VOC contamination will be removed within the first 10 years. Accordingly, we now believe that a fair and reasonable settlement should be based on the assumption that VOC treatment will continue for 20 years.

No Change. First, there is no change in the assumptions used in cost estimates and present worth analysis for the IDP used in the initial offer. There is no change in the settlement offer regarding DON's offer to provide a significant share of IDP capital costs for land/easements (39%), IDP extraction well construction (39%), source water system (pumps and pipes) (39%), treatment equipment building, site work, and telemetry (39%), and VOC treatment system (100%) totaling \$5,352,256.

Modifications. The \$409,698 annual cost for operation and maintenance (O&M) for the IDP source water system (39%), VOC treatment system (100%), and lab analysis of finished water (50%) is for a 20-year period with a present worth of \$5,567,920 rather than for 40 years (\$8,109,052), a difference of \$2,541,132. The results of the draft VOC source area feasibility study dated August 9, 1996, indicates that most of the VOC contamination in the shallow groundwater unit (SGU) on station would be removed

within the first ten years of remediation. In one alternative, the SGU is expected to be dewatered after 17 years. Even though the VOC concentrations in the SGU and principal aquifer may still be above drinking water standards, maximum contaminant levels (MCLs), the groundwater influent into a central treatment facility is likely to be less than MCLs after ten years of remedial action; this modified settlement offer incorporates a conservative O&M duration of 20 years for central VOC treatment requirements to meet drinking water standards.

Additions. A new item in this modified settlement offer is the estimated cost of closing the ten MCAS monitoring wells (\$100,000 each) and extraction well ET-1 (\$250,000) 20 years into the future, having a present worth of \$570,500.

Reductions. The execution of post-Record of Decision (ROD) FFA deliverables is not included in this modified settlement offer, a difference of \$891,000.

Previous Settlements. Past costs associated with Well ET-1 and the testing/sampling of wells have been addressed in other settlement agreements and payments as discussed earlier in this letter, a difference of \$1,511,854.

Financial summary of settlement offer changes:

	<u>Original Offer</u>	<u>Modified Offer</u>
Capital Costs	\$ 5,352,256	\$ 5,352,256
O&M Costs	8,109,052 (40 yrs)	5,567,920 (20 yrs)
Past Costs	1,511,854	0 (settled)
FFA Deliverables	891,000	0 (deleted)
Well Closures (in year 20)	<u>0</u>	<u>570,500</u> (added)
Final Settlement Amount	\$15,864,162	\$11,490,676

This offer is consistent with either a "pump and treat" or "natural attenuation" remedial action for the principal aquifer. The IDP components and associated costs covered by the offer would be components of any of the potential "joint" DON/OCWD projects evaluated in the IAFS. VOC mass removal by the IDP could enhance either a "pump and treat" or "natural attenuation" remedy. DON can address the pump and treat vs. natural attenuation remediation selection decision with the FFA signatories subject to the public participation requirements of CERCLA and the NCP, independent of its potential liabilities relating to the IDP. If more groundwater extraction wells beyond the four IDP wells are required to address the principal aquifer, DON could and would take the lead on installation and operation of those wells within the framework of a "joint project."

5090  
Ser 1831.AP/744  
September 4, 1996

As noted above, DON is now in the position where it must proceed. Accordingly, DON will consider its modified offer of \$11,490,676 to expire at the close of business on October 7, 1996. If OCWD should elect to proceed with the IDP project and accept DON's offer to cover the VOC-related costs as identified above by that date, DON would be pleased to participate through an appropriate agreement and work towards incorporation of the IDP into a CERCLA remedy. If DON does not receive a positive response to this modified offer by that date, DON will have to qualify any remedial alternatives in the IAFS involving delivery of water to OCWD as having serious "implementability problems." See 40 CFR Section 300.430(e)(9)(iii)(F).

Please contact Mr. Dana Sakamoto at (619) 532-2590 if you have any questions concerning this letter.

Sincerely,



M. R. JOHNSON  
Captain, CEC, U.S. Navy  
Commander

Encl:

- (1) ET-1 Settlement Agreement
- (2) United States Treasury Check

Copy to:

Clark Ide, OCWD Counsel  
Cheryl Kandaras, PDASN (I&E)  
COMCABWEST  
Ron Ress, Counsel, COMCABWEST  
Dan Opalski, USEPA (w/o encl)  
John Scandura, DTSC (w/o encl)  
Gerard Thibeault, Santa Ana RWQCB (w/o encl)  
Ronald E. Young, IRWD (w/o encl)

5090  
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Blind copy to: (w/o encl)  
MAJ Pat Uetz, USMC WACO  
Bernie Schafer, OAGC(I&E)  
Ray Goldstein, NAVFAC OGC  
LT COL David Mercier, CMC CL  
Kelly Dreyer, CMC LFL

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Writer: A. Piszkin, Code 1831.AP, x2-2635

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AGREEMENT

BETWEEN THE

ORANGE COUNTY WATER DISTRICT (OCWD)

AND

UNITED STATES DEPARTMENT OF THE NAVY (DON)

FOR

REIMBURSEMENT OF OCWD COSTS INCURRED IN

CONSTRUCTING AND OPERATING GROUNDWATER

EXTRACTION WELL ET-1

Dated: 9/3/96

## AGREEMENT

This Agreement ("Agreement") is made and entered into by and between the Orange County Water District ("OCWD") and the United States Department of the Navy ("DON") respecting the reimbursement of certain costs incurred by OCWD in constructing and operating a groundwater extraction well known as "ET-1" located westerly of the United States Marine Corps Air Station ("MCAS") El Toro facility in Orange County, California.

## RECITALS

WHEREAS, the MCAS El Toro facility has been listed by the United States Environmental Protection Agency ("USEPA") upon the National Priorities List ("NPL") promulgated by USEPA pursuant to Section 105 of the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 U.S.C. §9605 and §9601, *et. seq.*, respectively.

WHEREAS, pursuant to Section 120 of CERCLA, 42 U.S.C. §9620, DON, of which the United States Marine Corps ("USMC") is a component, USEPA, and the State of California Environmental Protection Agency ("CaLEPA") have entered into a Federal Facility Agreement ("FFA") requiring that DON, through the USMC, investigate and remediate actual and potential releases of hazardous substances at the MCAS El Toro NPL site;

WHEREAS, the MCAS El Toro FFA workplan for the Remedial Investigation/Feasibility Study ("RI/FS") for Operable Unit No. 1 requires that the releases of Volatile Organic Compounds ("VOCs") as a plume of contaminated groundwater at MCAS El Toro be investigated and remediated;

WHEREAS, OCWD has the statutory authority and duty to manage, regulate, replenish, and protect the quality of the groundwater supplies within its boundaries for the beneficial use of the approximately 2,000,000 residents and water users who rely upon those groundwater resources to satisfy all or a portion of their beneficial water needs.

WHEREAS, in 1988 and 1989, OCWD installed a groundwater extraction well which is designated as ET-1 and is shown on the attached map which is hereby incorporated into this Agreement by reference (Attachment I);

WHEREAS, OCWD incurred net costs totaling \$1,811,310 in constructing and operating ET-1 through December 31, 1995;

WHEREAS, ET-1 has extracted groundwater in a fashion that has resulted in removal of VOCs from the contaminated plume downgradient of the MCAS El Toro facility;

WHEREAS, the net cost of constructing and operating ET-1 as shown on Attachment 2 to this Agreement reflects response costs incurred by OCWD; it is OCWD's position that those costs are reasonable and necessary and are consistent with CERCLA and National Oil and Hazardous Substances Pollution Contingency Plan (NCP) (40 CFR Part 300) initial removal action requirements and are entitled to reimbursement from DON, except as provided immediately below;

WHEREAS, OCWD has been reimbursed by the City of Irvine for the costs of purchasing and installing air stripping (rotary air stripper) and ultraviolet destruction VOC treatment units to be utilized for treatment of groundwater extracted from ET-1; therefore, those costs are not covered by this Agreement and the issue of whether those costs were reasonable and necessary and consistent with CERCLA and the NCP is not addressed in this Agreement and is expressly reserved for separate resolution outside the scope of this Agreement;

WHEREAS, what role, if any, ET-1 shall play in interim or final remedial action(s) for the plume of VOC-contaminated groundwater shall be determined in interim or final Record of Decisions ("RODs") issued by DON and approved by USEPA and CalEPA pursuant to the FFA;

WHEREAS, this Agreement is not and shall not be construed as an agreement entered into pursuant to 10 U.S.C. Section 2701(d)(1);

WHEREAS, OCWD and DON desire to amicably resolve and settle any and all past claims, causes of action, and liabilities that OCWD may have against DON under Section 107(a) of CERCLA, 42 U.S.C. §9607(a) or other applicable federal or state laws or regulations for the net costs incurred by OCWD in constructing and operating ET-1 through December 31, 1995, without litigation and without admission of fact or liability by either OCWD or DON;

IT IS, THEREFORE, AGREED AS FOLLOWS:

I. DON REIMBURSEMENT OF OCWD COSTS:

DON shall pay OCWD the sum of \$1,811,310 not later than September 30, 1996, as reimbursement of the net costs incurred by OCWD in constructing and operating ET-1 through December 31, 1995, as specifically identified in the attached Cost Summary which is hereby incorporated into this Agreement as Attachment 2. Payment shall be in the form of a check for that amount.

II. MAINTENANCE AND ACCESS TO ET-1:

A. OCWD shall provide access to DON, USEPA, the State of California and their authorized representatives during reasonable business hours for purposes of sampling the groundwater produced in ET-1.

B. Within 30 days of written request by OCWD, DON shall provide OCWD with copies of analytical data reports for all validated analytical data collected by DON and its authorized representatives and contractors in ET-1.

C. OCWD shall provide DON with copies of analytical data reports for all analytical data collected by OCWD or its authorized representatives in ET-1 within 30 days upon written request by DON.

D. In the event of any death or injury to any person, or the loss of or damage to any property, caused by DON officers, employees, or contractors in connection with any of DON's activities, hereunder or in the event of any legal or equitable action instituted between the property owner and DON, the liability, if any, of DON shall be determined in accordance with the applicable provisions of the Federal Tort Claims Act (62 Stat. 869, 982; 26 U.S.C. §§2671-2680).

III. OTHER PROVISIONS:

A. MUTUAL RELEASE AND COVENANT NOT TO SUE AND RESERVATIONS OF RIGHTS

1. In consideration of the settlement of these issues between the Parties (OCWD and DON) and the terms and conditions set forth in this Agreement, each of the Parties hereby expressly releases, forever and fully discharges, waives and covenants not to sue the other Party and all the past and present officers, employees and successors of each of them, with respect to any claim for contribution, cost recovery or other liability or financial payment with respect to any civil claim, counterclaim, cross claim, indemnity, demand, liability, duty, damage, debt, cause of action, or other chose in action, administrative or judicial, at law or equity, for or pertaining to the construction and operation of ET-1 through December 31, 1995.

2. This Mutual Release and Covenant Not to Sue shall not bar any claim or proceeding by either OCWD or the United States to resolve disputes arising under this Agreement or any action to enforce this Agreement.

3. This Mutual Release and Covenant Not to Sue shall not bar any claim or proceeding by either Party, and both Parties expressly reserve, any and all past, present and future rights, claims, and defenses that they may have under federal

and state statutory and common law, at law or in equity, to seek recovery from the other Party or any third party of costs or damages that do not relate to costs incurred by OCWD in constructing and operating ET-1 through December 31, 1995, and, therefore, are not covered by this Agreement. This Mutual Release and Covenant Not to Sue is intended to relate only to costs incurred in constructing and operating ET-1 through December 31, 1995.

4. In signing this Agreement, DON does not admit and expressly denies any and all allegations and statements of fact and liability concerning actual or threatened releases at or from or the presence at the MCAS El Toro facility of hazardous, toxic or solid wastes or substances under federal and state law. In signing this Agreement, OCWD does not endorse or agree with DON's denial or allegations and statements of fact and liability.

5. The liability of the United States under this Agreement is subject to the availability of appropriated funds consistent with the Anti-Deficiency Act, 31 U.S.C. §1341. Nothing in this Agreement shall be construed as implying that the Congress will, at a later time, appropriate funds sufficient to meet deficiencies.

B. OCWD REIMBURSEMENT OF COSTS RECOVERED FROM OTHER SOURCES.

1. If OCWD should assert a claim (including but not limited to a claim for cost recovery or contribution) against any responsible or potentially responsible party(s) addressing reimbursement of all or a portion of costs incurred by OCWD in constructing and operating ET-1, OCWD shall notify DON in writing prior to asserting such a claim promptly upon determining the existence of the claim. Furthermore, OCWD shall not settle or release any such claim without providing DON with thirty (30) calendar days written notice prior to such settlement or release.

2. If OCWD should recover all or a portion of the costs incurred by OCWD in constructing ET-1 from any other responsible or potentially responsible party(s) through litigation or settlement of any claim under Section 107 of CERCLA, 42 U.S.C. §9607, or analogous state laws, OCWD shall refund to DON the amount recovered up to the amount of \$1,811,310 not later than sixty (60) days of receipt of payment for the recovery of the costs by OCWD. In the event that OCWD fails to reimburse DON for the recovered costs within sixty (60) days of receipt of payment, interest shall accrue upon the amount recovered and received by OCWD at the prevailing Hazardous Substances Superfund Trust Fund investment interest rates as specified in Section 107(a) of CERCLA, 42 U.S.C. Section 9607(a), until such time as OCWD pays DON the recovered costs and the amount of interest accrued.

C. NO RIGHTS CREATED FOR OCWD OR DON CONTRACTORS

Nothing in this Agreement shall create any right or any claim for any contractor of OCWD or DON related in any way to ET-1.

D. NO RELEASE OF THIRD PARTIES

Nothing in this Agreement is intended or shall be construed to release any individual or entity not a party to this Agreement from liability for past, present or future response and/or remediation costs, or from liability for damages for injury to, destruction of, or loss of natural resources arising from the release or threatened release of any hazardous substances from the MCAS El Toro facility.

E. OCWD COOPERATION IN FUTURE DON CIVIL ACTIONS AGAINST THIRD PARTIES

OCWD shall provide DON with original or certified copies of relevant technical and cost documentation and the cooperation of OCWD officers, employees, and contractors as witnesses in support of any future contribution, cost recovery or other civil claims made and proceedings instituted by the United States under federal and state statutory and common law, at law or in equity, against third parties for reimbursement of all or a portion of the costs of constructing and operating ET-1 paid by DON to OCWD pursuant to this Agreement.

F. COOPERATION WITH FEDERAL AND STATE AGENCIES

Both Parties shall at all times work in cooperation with all federal, state and local agencies involved in the investigation and remediation of hazardous substances and hazardous wastes at the MCAS El Toro NPL site.

G. NOTICE

1. The Parties designate the following technical and legal representatives to be the primary points of contact in the performance of this Agreement:

Technical:

OCWD: Mr. William R. Mills, Jr.  
General Manager  
Orange County Water District  
P.O. Box 8300  
Fountain Valley, CA 92728-8300

Phone: 714-378-3200  
Fax: 714-378-3371

DON: Mr. Andrew Piszkin  
Lead Remedial Project Manager  
BRAC Environmental Division  
Southwest Division  
Naval Facilities Engineering Command  
1220 Pacific Highway  
San Diego, CA 92132-5189

Phone: 619-532-2635  
Fax: 619-532-2469

Legal:

OCWD: Clark F. Ide, Esq.  
General Counsel  
Orange County Water District  
P.O. Box 8300  
Fountain Valley, CA 92728-8300

Phone: 714-378-3237  
Fax: 714-378-3373

DON: Rex Callaway, Esq.  
Associate Counsel (Environmental)  
Office of Counsel  
Southwest Division  
Naval Facilities Engineering Command  
1220 Pacific Highway  
San Diego, CA 92132-5189

Phone: 619-532-1662  
Fax: 619-532-4060

2. These representatives may be changed from time to time as the Parties see fit and at their sole discretion. Notice of the change shall be provided to the other Party.

H. AMENDMENT

The Agreement may be modified upon the mutual agreement of the Parties reflected in a written document signed by duly authorized representatives of the Parties, which expressly makes reference to this Agreement and the intent to modify the terms of this Agreement.

I. TERM OF THE AGREEMENT

This Agreement shall remain in full force and effect until the Parties mutually agree to terminate the Agreement. Sections IIIA through IIIF, inclusive, shall survive and continue beyond termination of this Agreement.

J. CAPTION

Captions and section headings are inserted for the convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

K. EFFECTIVE DATE OF THE AGREEMENT

This Agreement shall take effect upon the date of signature by the last Party to sign it.

L. SIGNATORIES

Each undersigned representative of a Party to this Agreement certifies that he or she is fully authorized to enter into the terms and conditions of the Agreement and to execute and legally bind the Party that they represent to the document.

The undersigned, duly authorized representatives of OCWD and DON, have hereby executed this Agreement on the date(s) set forth below.

APPROVED AS TO FORM

ORANGE COUNTY WATER DISTRICT

Clark F. Ide  
Clark F. Ide, General Counsel

George Osborne  
President

Date: August 21, 1996

William R. Miller  
District Secretary GENERAL MANAGER

Date: August 21, 1996

APPROVED AS TO FORM

UNITED STATES DEPARTMENT OF  
THE NAVY

Rex Callaway  
Associate Counsel  
(Environmental)

M. R. Johnson CAPT USN  
Date: 9/3/96 COMMANDER SOUTHWEST DIV  
NAVFACENS.COM

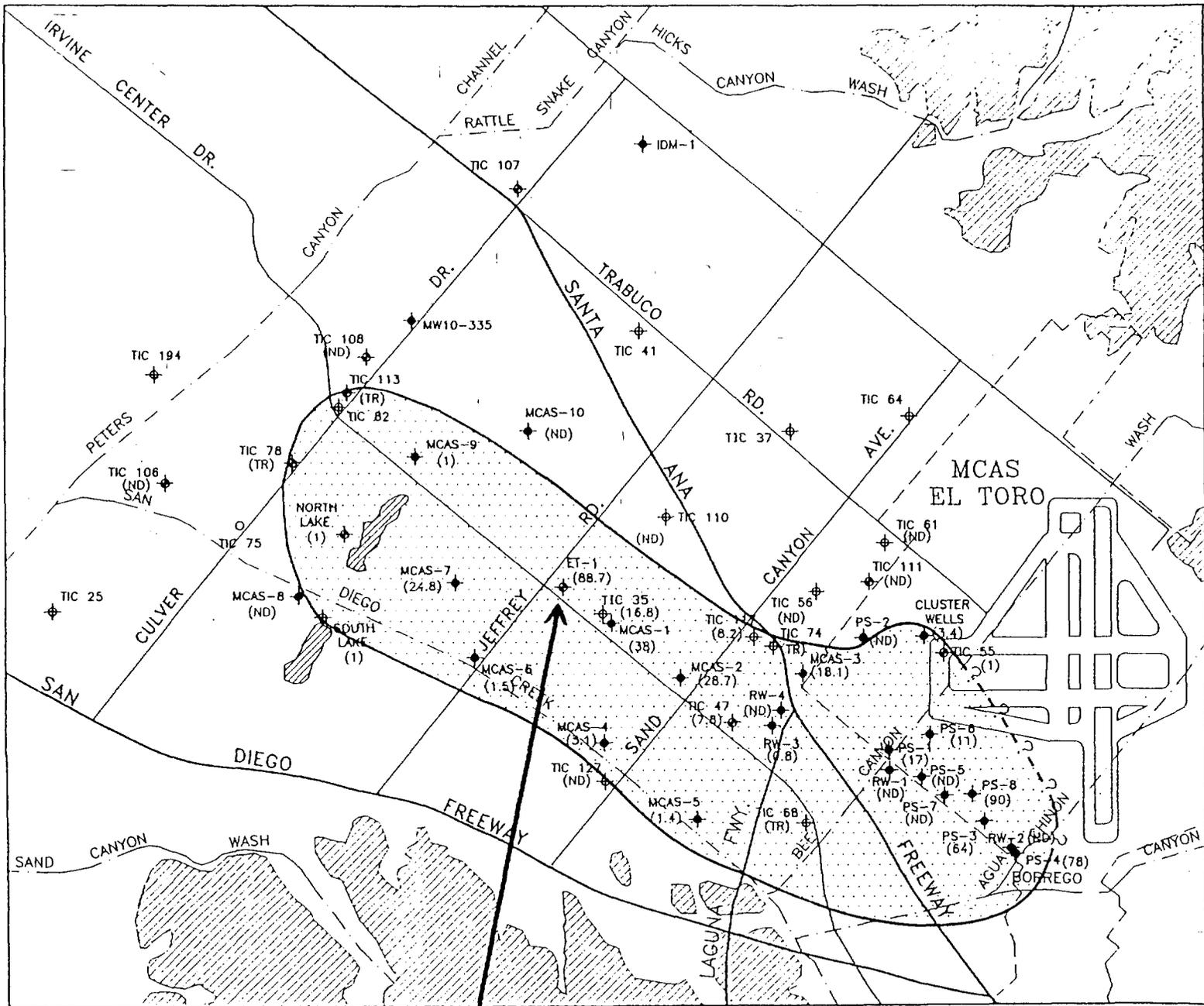
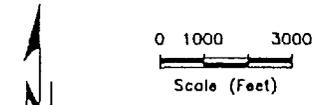


FIGURE 10  
TCE PLUME EXTENT MAP  
(SPRING 1990)

EXPLANATION

- ◆ Active Production Well
- ◆ Inactive Production Well
- ◆ Monitoring Well
- Abandoned Well
- ◌ Area of Ground Water with Detectable TCE
- ◆ MCAS-4 (3.1) Well with Maximum Measured TCE Concentration (ug/l)



10.TORO.WV.MPT.DWG  
REV. NOV. 21, 1990

LOCATION OF WELL ET-1

Attach

**PHASE II INVESTIGATION  
TCE RECOVERY SYSTEM  
UPDATED FEBRUARY 1996**

*TABLE 1 - COST SUMMARY, in 1995 dollars*

<b>Capital Expenditures</b>		
A.	TIC Well Testing	86,170.10
1	Well Construction	351,989.46
2	Soil/Water Disposal	4,256.58
3	Wellhead Facilities - Professional Services	189,378.44
4	Wellhead Facilities Construction	502,845.43
5	Air Emissions Permit Fees	9,455.33
6	Prepurchased Equipment	559,963.54
7	Air Quality Monitoring Services	44,452.55
8	Risk Assessment Study for Air Emissions	30,366.29
9	Outside Lab Services for Soil/Water Analysis	3,301.66
10	OCWD In-house Lab Services FYs 88 and 89	47,761.28
11	OCWD Payroll Expenses	66,562.80
12	Well Site Acquisition	90,186.52
Subtotal:		\$1,986,689.97
Capital-Unit Cost of Water, \$/AF =		\$520.39
<b>Operations &amp; Maintenance Costs</b>		
1	Misc. Services, labor, spare parts, etc.	116,321.32
2	Electricity	316,018.13
3	OCWD Replenishment Assessment	155,971.77
4	Wellhead Modifications	10,847.29
5	Property Access Permit Fee	537.35
6	Annual Air Emissions Fee	19,947.37
7	OCWD Laboratory Expenses FYs 90 - 94	113,427.82
Subtotal:		\$733,071.04
O&M-Unit Cost of Water, \$/AF =		\$192.02
Total Cost to date =		<b>\$2,719,761.02</b>
Total AF of Water Produced =		3,817.7
Unit Cost of Water =		\$712.41

Total Cost of Project through 12/95	\$2,719,761
Total Water Sales Revenue (equal to the R. A. Fee(s))	(\$155,972)
Total Reimbursement from Outside Agencies (i.e. City of Irvine)	(\$752,479)
Net Cost of Project paid-for by OCWD	<b>\$1,811,310</b>



United States Treasury <sup>15-51</sup>/<sub>000</sub>



DEFENSE FINANCE  
AND ACCOUNTING SERVICE  
OAKLAND, CA

5234-80146796

Check No.

SEP 4 - 1996

Pay to  
the order of

ORANGE COUNTY WATER DISTRICT  
C/O BRIAN SANDERS  
1220 PACIFIC HIGHWAY  
SAN DIEGO CA 921325190

\$\*1811310.00\*

VOID AFTER ONE YEAR

\*\*\*\*\*1,811,310DOLLARS00CENTS

0080146796

*Rex A. Baggett*

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⑆000000518⑆ 801467964⑈

