



California Regional Water Quality Control Board
Santa Ana Region



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 Agency Secretary

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Arnold Schwarzenegger
 Governor

October 14, 2005

TO: Interested Parties (see attached list)

SUBJECT: PROPOSED ADMINISTRATIVE SETTLEMENT AGREEMENT AND
 REMEDIAL INVESTIGATION ORDER BY CONSENT FOR GOODRICH
 CORPORATION FOR THE 160-ACRE SITE, RIALTO

On November 16, 2005, the Board will hold a special meeting in Rialto to consider a proposed Administrative Settlement Agreement and Remedial Investigation Order by Consent for Goodrich Corporation. The proposed agreement and order would require Goodrich Corporation to conduct an investigation of the extent of perchlorate and trichloroethylene contamination of groundwater migrating from property generally referred to as the "160 acres" located in Rialto. The intent of this investigation would be to gather information to allow the Board, Goodrich, and other parties to evaluate potential future remedial alternatives.

Copies of the draft agreement and order are enclosed for your review and comment. The draft work plan for the investigation to be conducted by Goodrich is available on the Board's web site at ftp://swrcb2a.swrcb.ca.gov/pub/rwqcb8/Perchlorate_Task_Force/Goodrich/. If you wish to obtain a copy of the work plan in another form, please contact Debi Ney of Board staff at (951) 782-3237. Please submit written comments on the draft agreement, order and work plan by November 7, 2005. Comments received by that date will be considered in Board staff's final recommendation to the Board at the November 16 meeting. Additional information regarding submittal of comments and procedures for the November 16 meeting will be included in a hearing notice that will be transmitted separately. The time and place for the November 16 meeting will be included in an agenda announcement that also will be transmitted separately.

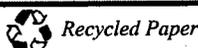
If you have any questions, please contact Kurt Berchtold, Assistant Executive Officer, at (951) 782-3286, or Jorge Leon, Senior Staff Counsel, at (916) 341-5180.

Sincerely,

for Gerard J. Thibeault
 Executive Officer

Enclosures: Draft Administrative Settlement Agreement
 Draft Remedial Investigation Order by Consent
 Mailing List

California Environmental Protection Agency



**ADMINISTRATIVE SETTLEMENT AGREEMENT
BETWEEN
THE CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD, SANTA ANA
REGION, AND GOODRICH CORPORATION**

I. INTRODUCTION

This Settlement Agreement is entered into by the California Regional Water Quality Control Board, Santa Ana Region (“Regional Board”) and Goodrich Corporation (“Goodrich”) to resolve a dispute concerning the next phase of remedial investigation with respect to a certain 160-acre parcel of land located in the southwest quadrant of Section 21, Township 1 North, and Range 5 West, of the United States Geological Survey (USGS), 7.5 minute series “Devore, California” quadrangle map (1956, photo revised 1980) (hereafter, the “160-acre Site”). The 160-acre Site is bounded by West Casa Grande Drive on the north, Locust Avenue on the east, the extension of Alder Avenue on the west, and the extension of Summit Avenue on the south in the City of Rialto, San Bernardino County, California. The Regional Board and Goodrich are also referred to herein collectively as the “Parties.”

II. RECITALS

- A. Whereas, perchlorate and TCE have been detected in certain monitoring wells and/or drinking water wells within the Rialto Groundwater Management Zone in the County of San Bernardino, California.
- B. Whereas, the Regional Board has jurisdiction over the Rialto Groundwater Management Zone and governs response actions for the protection of public health and the environment.
- C. Whereas the Regional Board has issued investigation and cleanup and abatement orders, pursuant to its authority under Water Code Sections 13267 and 13304, to a number of parties that own and/or operate, or have owned and/or operated, on the 160-acre Site and/or other locations in North Rialto. At this time, the Regional Board has made no final determination as to the actual contribution of perchlorate contamination that Goodrich may be responsible for in the Rialto Groundwater Management Zone.
- D. Whereas, Goodrich operated a facility on the 160-acre Site from approximately 1957 to 1963, which it sold in 1966.
- E. Whereas, the Regional Board alleges that, during the course of its operations, Goodrich discharged and released perchlorate and trichloroethylene (TCE) at the 160-acre Site.
- F. Whereas, on June 6, 2002, pursuant to Water Code Section 13304, the Regional Board issued Cleanup and Abatement Order No. R8-2002-0051 to Goodrich.

- G. Whereas, Goodrich denied liability and contested the issuance of Cleanup and Abatement Order No. R8-2002-0051. After holding a hearing on September 13, 2002, the Regional Board rescinded the order.
- H. Whereas, on September 24, 2002, pursuant to Water Code Section 13267, the Regional Board issued to Goodrich a directive to conduct perchlorate investigation in soil and groundwater at the 160-acre Site (“September 2002 Investigation Order”). Goodrich denied liability and contested issuance of the September 2002 Investigation Order.
- I. Whereas, on January 30, 2003, the Regional Board and Goodrich entered into an Agreement whereby the Regional Board agreed to hold in abeyance the September 2002 Investigation Order in recognition of Goodrich’s separate agreement with the City of Rialto, the City of Colton, the West San Bernardino County Water District, and the Fontana Water Company to provide \$4 million for the purpose of implementing wellhead treatment at certain affected wells and other terms (“Water Purveyor Agreement”).
- J. Whereas, on July 3, 2003, the United States Environmental Protection Agency (“EPA”) provided a notification to the State of California, through the Regional Board, that it intended to order Goodrich to conduct a remedial investigation.
- K. Whereas, on July 15, 2003, pursuant to Section 106 of the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), the EPA issued Unilateral Administrative Order 2003-11 to Goodrich and Emhart Industries, Inc. requiring soil and groundwater remedial investigation at the 160-acre Site (“EPA Order”).
- L. Whereas, Goodrich has conducted a remedial investigation to comply with the EPA Order, including installation of four groundwater monitoring wells at the 160-acre Site and, on March 24, 2005, submitted to EPA a draft remedial investigation report.
- M. Whereas, pursuant to the consent of EPA, the Regional Board has assumed responsibility for response actions to address releases or threatened releases from the 160-acre Site, with respect to Goodrich’s operations at the 160-acre Site.
- N. Whereas, the Regional Board has determined that additional remedial investigation is necessary to determine the extent of perchlorate, TCE and related contamination that is discharging, has been discharged, or threatens to be discharged from the 160-acre Site, to collect data necessary to determine the nature and extent of contamination and any threat to the public health, welfare, or the environment caused by the release or threatened release of perchlorate, TCE and other related contaminants at or from the 160-Acre Site and to adequately characterize the 160-Acre Site conditions for the purpose of developing and evaluating effective remedial alternatives.

- O. Whereas, after the performance of the additional remedial investigation pursuant to this Settlement Agreement, it is the Regional Board's intention that the next step will be to require responsible parties to prepare a feasibility study to evaluate alternatives to the extent necessary to select an interim remedy. During the performance of the additional remedial investigation, the Regional Board and Goodrich will attempt to work together in good faith to determine the manner in which the feasibility study will be required, including the parties who will conduct it and its scope. Nothing in this agreement precludes the Regional Board from ordering Goodrich to conduct the feasibility study after implementation of the order as set forth below in paragraph 9.
- P. Whereas, the Regional Board asserts that Goodrich is a "discharger" within the meaning of Water Code Sections 13267 and 13304.
- Q. Whereas, the Regional Board has the authority to bring CERCLA actions pursuant to Section 107 of CERCLA, 42 U.S.C. Section 9607.
- R. Whereas, the Regional Board asserts that Goodrich is a "person" as defined in Section 101(21) of CERCLA, 42 U.S.C. § 9601(21) and is a responsible party under Section 107(a) of CERCLA, 42 U.S.C. Section 9607(a); that the 160-acre Site is a "facility" as defined in Section 101(9) of CERCLA, 42 U.S.C. § 9601(9); that perchlorate and TCE detected on the 160-acre Site and in the groundwater downgradient thereof are "hazardous substances" as defined in Section 101(14) of CERCLA, 42 U.S.C. § 9601(14); and that Goodrich's operations thereon resulted in an actual and/or threatened "release" as defined in Section 101(22) of CERCLA, 42 U.S.C. § 9601(22).
- S. Whereas, Goodrich denies and contests the Regional Board's assertions that Goodrich is a discharger under Water Code Sections 13267 and 13304; that it is a responsible party under Section 107(a) of CERCLA; and that its operations resulted in an actual or threatened release of hazardous substances as defined in Section 101 of CERCLA.
- T. Whereas, Goodrich contests the Regional Board's authority, including but not limited to sufficiency of evidence, to issue an order requiring Goodrich to conduct additional remedial investigation or remediation concerning the 160-acre Site.
- U. Whereas, Goodrich has brought suit in the United States District Court, Central District of California to pursue cost recovery and contribution against parties it believes are responsible for all or portions of the contamination in the Rialto Groundwater Management Zone.
- V. Whereas, the Regional Board believes that time is of the essence in the completion of the work required by the Order. The deadlines set forth in the Work Plan have been carefully considered by the Parties and pursuant to the provisions set forth below they have agreed that a stipulated penalty provision will promote timely completion of the work.

III. AGREEMENT

NOW THEREFORE,

1. The Regional Board, pursuant to authority granted under California Water Code Sections 13267(b)(1) and 13304 and California Government Code Section 11415.60, and Goodrich hereby agree, pursuant to this Settlement Agreement, to the Order by Consent attached hereto as Exhibit 1 (the "Order"). The objective of the Order is to facilitate the next phase of remedial investigation to determine the nature and extent of contamination and any threat to the public health, welfare, or the environment caused by the release, discharge or threatened release or discharge of perchlorate, TCE and related contaminants at or from the 160-acre Site, through implementation of additional remedial investigation, as more specifically set forth in the work plan attached hereto as Exhibit A to the Order (the "Work Plan").

2. As set forth in the Work Plan, Goodrich shall install five (5) groundwater monitoring wells, perform specified groundwater monitoring and prepare an additional remedial investigation report (the "Remedial Investigation Report"). At the direction of the Regional Board, for good cause, Goodrich shall install up to four (4) additional groundwater monitoring wells consistent with the Work Plan ("Additional Wells"), provided:

2.1 Good cause exists in that data generated in the course of the remedial investigation conducted pursuant to the Work Plan demonstrates that Additional Wells are necessary to determine the extent of perchlorate, TCE and other related contamination that is discharging, has been discharged, or threatens to be discharged from Goodrich's former operations on the 160-acre Site, to collect data necessary to determine the nature and extent of such contamination and any threat to the public health, welfare, or the environment caused by the release or threatened release of such contaminants from Goodrich's former operations on the 160-acre Site, or to adequately characterize conditions for the purpose of developing and evaluating effective remedial alternatives with respect to contamination from the former Goodrich operations on the 160-Acre Site.

2.2 In the event the Executive Officer believes that good cause exists to direct Goodrich to install Additional Wells, he shall notify Goodrich of his request setting forth the location of the well(s) and good cause for the request. Should Goodrich request a meeting, the Parties shall meet to discuss and resolve the Executive Officer's request.

2.3 In the event Goodrich does not notify the Executive Officer in writing of its agreement to install Additional Wells within 15 days after being requested in writing by the Executive Officer, the Executive Officer may submit his request to the Regional Board for a hearing with at least 30 days notice to Goodrich and the public, including the bases for the request and a description of the Additional Wells. After a public hearing, at which time Goodrich and the Executive Officer shall have the opportunity to present their respective positions and evidence to the Regional Board, the Regional Board shall determine whether to affirm or decline the Executive Officer's request. The Regional Board's decision will be final and cannot be challenged by Goodrich or the Executive Officer. Goodrich waives all rights under California Water Code Section 13320 and 13330 to the limited extent of contesting the

Regional Board's decision to require the installation of Additional Wells made in accordance with the terms of this Agreement. However, in the event Goodrich agrees to install Additional Wells or the Regional Board affirms the request of the Executive Officer, the installation of Additional Wells, or the decision of the Regional Board and compliance by Goodrich with the decision, shall not constitute an admission of liability by Goodrich. Goodrich shall retain the right to controvert any and all findings by the Executive Officer and/or Regional Board in subsequent proceedings.

2.4 In the event Goodrich and the Executive Officer agree upon the installation of Additional Wells, the Executive Officer shall provide at least 30 days notice to the public of the Additional Well installation.

2.5 In the event that Goodrich is required to install Additional Wells, either by consent or as determined by the Regional Board, the results of the investigation concerning any Additional Well shall be addressed in the Remedial Investigation Report as set forth in the Work Plan. The date for the submittal of Remedial Investigation Report shall be extended, including to permit site access, the installation of Additional Wells and the assessment of the derived data.

3. In the event the submittal of the Remedial Investigation Report set forth in the Work Plan is more than 30 days late, Goodrich shall pay a stipulated penalty of \$100,000, unless the delay was caused by forces outside of its reasonable control or other good cause exists. Goodrich shall pay an additional \$100,000 penalty for each additional 30-day period the Remedial Investigation Report is late, unless the delay was caused by forces outside of its reasonable control or other good cause exists. The stipulated penalties set forth herein for the late submittal of the Remedial Investigation Report shall not be cumulative with penalties available under the Water Code or otherwise permitted under the law. Goodrich shall not be liable for any penalties for any delays in the submittal of the Remedial Investigation Report due to circumstances beyond its reasonable control, including, but not limited to, the inability to gain site access for installation and monitoring of wells and related work and delays due to conditions encountered during the course of well installation and sampling. Goodrich shall not be liable for any delays in the submittal of the Remedial Investigation Report due to the installation of Additional Wells.

3.1 In the event the Remedial Investigation Report is more than 30 days late and the delay was not caused by forces outside of Goodrich's reasonable control or other good cause does not exist for its delay, the Executive Officer shall so inform Goodrich in writing within seven days by certified mail. Within fifteen (15) days of receipt of the Executive Officer's notification, Goodrich shall deliver to the Executive Officer a certified Cashier's check in the amount of \$100,000 for each violation payable to the State Water Resources Control Board's Cleanup and Abatement Account. Alternatively, Goodrich may within fifteen (15) days of notification by the Executive Officer that the stipulated penalty is due, propose that any stipulated penalty due at that time, or a portion thereof, be paid to a Supplemental Environmental Project to be approved by the Executive Officer.

3.2 In the event that Goodrich is notified by the Executive Officer that the stipulated penalty is due, Goodrich may within fifteen (15) days of notification, request an opportunity to present evidence to the Regional Board in a duly noticed public hearing that the

delay was caused by forces outside its reasonable control, or that the stipulated penalty should be excused for other good cause, including but not limited to, the inability to gain site access for installation and monitoring of wells and related work, delays due to conditions encountered during the course of well installation and sampling, and delays due to the installation of Additional Wells. The Regional Board's decision whether to impose, or relieve Goodrich from, stipulated penalties shall be final and binding. Goodrich hereby waives all rights under California Water Code Sections 13320 and 13330 to the limited extent of contesting the Board's final decision to impose a stipulated penalty made in accordance with the terms of this Agreement.

4. The Regional Board shall rescind the September 2002 Investigation Order.

5. The Regional Board and Goodrich recognize that this Agreement, the Order and Work Plan have been negotiated in good faith and that the actions undertaken by Goodrich in accordance with the Agreement, the Order and Work Plan do not constitute an admission of liability. Goodrich denies liability, does not admit, and retains the right to controvert in any subsequent proceedings, the validity of the findings of fact, conclusions of law, and any other determinations stated or implied in this Settlement Agreement or the Order. Goodrich agrees not to contest the issuance of the Order. The Regional Board, by this Settlement Agreement, does not waive its rights to issue subsequent orders. Goodrich, by this Settlement Agreement, does not waive its rights to contest subsequent Regional Board actions with respect to the implementation or interpretation of the Order should a dispute arise, nor does Goodrich waive any rights, except to the extent specifically set forth above in Sections 2.3 and 3.2, to contest future actions of the Regional Board, including but not limited to, subsequent orders. Goodrich shall retain any and all rights to seek recovery of costs and/or contribution for costs incurred in the performance of the remedial investigation.

6. The work conducted under the Order shall be performed in a manner consistent with the National Oil and Hazardous Substance Pollution Contingency Plan, Title 42, United States Code, Section 9605 and Code of Federal Regulations, Title 40, Part 300 ("NCP"). The Regional Board agrees to assist Goodrich with activities that may be required to demonstrate compliance with the NCP.

7. The Parties agree that this Settlement Agreement constitutes an administrative settlement for purposes of Section 113(f)(3)(B) of CERCLA, 42 U.S.C. § 9613(f)(3)(B).

8. Goodrich in good faith will assist the Regional Board and will participate in hearings with respect to the issuance of orders and enforcement actions concerning other potential dischargers/potentially responsible parties, including conducting cross examination of witnesses as appropriate. Nothing in this Settlement Agreement, however, will require Goodrich to waive any defenses or privileges.

9. During the implementation of the Order, the Regional Board shall not otherwise require Goodrich to conduct an investigation, remediation, or otherwise respond with respect to the contamination nor request any other agency, including the U.S. Environmental Protection Agency, to so order it to do so.

10. This Settlement Agreement may be executed in counterparts and by facsimile signature.

11. This Settlement Agreement is severable; should any provision be found invalid, the remainder shall remain in full force and effect.

12. The Parties agree that the normal rule of construction, which allows any ambiguities in an agreement to be construed against the drafting party, shall not be employed in the interpretation of this Settlement Agreement, and that this Settlement Agreement shall be given its fair meaning.

IN WITNESS WHEREOF, the Parties hereto have caused this Settlement Agreement to be executed by their respective duly authorized representative on the dates set forth below, and this Settlement Agreement shall be effective as of the most recent date signed.

California Regional Water Quality Control Board

By: _____

Date: _____

Goodrich Corporation

By: _____

Date: _____

EXHIBIT 1

California Regional Water Quality Control Board
Santa Ana Region

Remedial Investigation Order by Consent No. _____

For
Goodrich Corporation

160-acre Site located in the City of Rialto,
San Bernardino County

The California Regional Water Quality Control Board, Santa Ana Region (“Regional Board”), finds that:

1. Perchlorate and TCE have been detected in certain monitoring wells and drinking water wells within the Rialto Groundwater Management Zone.
2. Municipal water supply wells in the Rialto Groundwater Management Zone have been, or are likely to be, affected by the perchlorate and/or TCE pollution. Regional Board staff has identified numerous parties, and continues in its efforts to identify all parties, that may have discharged perchlorate and/or TCE in the Rialto Groundwater Management Zone.
3. The Regional Board has jurisdiction over the Rialto Groundwater Management Zone, has been conducting an investigation of the perchlorate contamination, and has issued a number of orders pursuant to its authority under Water Code Sections 13304 and/or 13267.
4. The beneficial uses of the Rialto Groundwater Management Zone include:
 - (a) Municipal and domestic supply,
 - (b) Agricultural supply,
 - (c) Industrial service supply, and
 - (d) Industrial process supply.
5. Goodrich Corporation (“Goodrich”) formerly owned property and conducted operations at a 160-acre parcel located in the southwest quadrant of Section 21, Township 1 North, and Range 5 West, of the United States Geological Survey (USGS), 7.5 minute series “Devore, California” quadrangle map (1956, photo revised 1980) (hereafter, the “160-acre Site”). The 160-acre Site is bounded by West Casa Grande Drive on the north, Locust Avenue on the east, the extension of Alder Avenue on the west, and the extension of Summit Avenue on the south in the City of Rialto, San Bernardino County, California. Numerous other parties have operated at and/or are currently operating on the 160-acre Site. Goodrich’s operations, as well as those of other parties, allegedly involved the use of perchlorate.
6. Pursuant to Unilateral Administrative Order 2003-11, issued by the United States Environmental Protection Agency (“EPA”) to Goodrich and Emhart Industries, Inc.,

Goodrich has conducted a remedial investigation at the 160-acre Site, including the installation of four groundwater monitoring wells. Goodrich submitted a draft Remedial Investigation Report to EPA on March 24, 2005.

7. EPA has deferred to the Regional Board regarding oversight of Goodrich's investigation of perchlorate contamination potentially emanating from the 160-acre Site.

8. Based on the facts presented herein, the Regional Board suspects Goodrich of having discharged waste, or depositing waste where it may have been discharged, into the waters of the state and creating a condition of pollution or nuisance. At this time, the Regional Board has not made a final determination as to the actual contribution of perchlorate contamination that Goodrich may be responsible for in the Rialto Groundwater Management Zone.

9. The Regional Board finds that additional investigation is necessary to investigate the lateral and vertical extent of perchlorate that is discharging, has been discharged, or threatens to be discharged from the 160-acre Site. The necessity of this investigation is to protect the public health and the environment, and particularly the groundwater of the State of California.

10. It is appropriate to order Goodrich to conduct additional investigation regarding the lateral and vertical extent of perchlorate that is discharging, has been discharged, or threatens to be discharged from the 160-acre Site.

11. Other orders may be issued at a later date by the Regional Board to other parties associated with the 160-acre Site, or other area properties, if Regional Board staff obtains additional information indicating that other parties have discharged perchlorate that is present in the soil or groundwater.

12. Water Code Section 13304 allows the Regional Board to recover reasonable expenses for overseeing investigation or cleanup and abatement activities. It is the Regional Board's intent to recover such costs for regulatory oversight work conducted in accordance with this order.

13. This enforcement action is being taken by a regulatory agency to enforce a water quality law. Such action is exempt from the provisions of the California Environmental Quality Act (Public Resources Code, Section 21000, et seq.) in accordance with Section 15321, Article 19, Division 3, Title 14, California Code of Regulations.

14. The Regional Board and Goodrich have entered into an Administrative Settlement Agreement on _____, 2005, pursuant to which Goodrich consents to the following order subject to the terms of said agreement.

IT IS HEREBY ORDERED THAT, pursuant to the Administrative Settlement Agreement between the Regional Board and Goodrich approved by the Regional Board on _____, 2005 and Section 13267(b)(1), Article 4, Chapter 4, Division 7 and Section 13304, Article 1, Chapter 5, Division 7, of the California Water Code, Goodrich shall investigate the effects of the discharge of waste at the 160-acre Site, as follows:

1. Goodrich shall implement the Work Plan, attached hereto as Exhibit A, which has been approved by the Executive Officer, to install groundwater monitoring wells, perform specified groundwater monitoring and prepare an additional remedial investigation report (the "Remedial Investigation Report").

2. The Work Plan shall be implemented in accordance with time schedules set forth in the Work Plan or otherwise approved by the Executive Officer.

3. The Regional Board shall develop a community relations plan in accordance with applicable regulations, including the National Oil and Hazardous Substance Pollution Contingency Plan, Title 42, United States Code, Section 9605 and Code of Federal Regulations, Title 40, Part 300. Goodrich shall assist the Regional Board, as requested, to implement the community relations plan.

4. The Regional Board hereby rescinds its investigation order of September 24, 2002, issued to Goodrich pursuant to Water Code Section 13267.

5. The Executive Officer is hereby authorized to enforce this order as set forth in the Administrative Settlement Agreement and to seek judicial enforcement of this order as permitted under the Water Code in the event of Goodrich's failure to comply with it.

I, Gerard J. Thibeault, Executive Officer, do hereby certify that the foregoing is a full, true and correct copy of an order adopted by the California Regional Water Quality Control Board, Santa Ana Region, on November __, 2005.

Gerard J. Thibeault
Executive Officer

Agreed to by Goodrich Corporation

By: _____

Date: _____