Los Angeles County
Department of Regional Planning

Planning for the Challenges Ahead

Richard J. Bruckner
Director

September 28, 2011

TO: Pat Modugno, Chair
Esther L. Valadez, Vice Chair
David W. Louie, Commissioner
Harold V. Helsley, Commissioner
Curt Pedersen, Commissioner

FROM: Mitch Glaser, AICP, Supervising Regional Planner
Community Studies North Section

SUBJECT: **SEPTEMBER 28, 2011 – AGENDA ITEM #6**
PROJECT NO. R2007-01226-(5)
PLAN AMENDMENT NO. 2009-00006-(5)
ZONE CHANGE NO. 2009-00009-(5)
ENVIRONMENTAL ASSESSMENT NO. 2009-00080-(5)
SANTA CLARITA VALLEY AREA PLAN UPDATE (ONE VALLEY ONE VISION)

Staff has received additional correspondence on this matter, which is attached for your consideration.

MWG:mwg

Attachments:
1. Additional Correspondence

September 21, 2011

P.O. Box 2692
Globe, Az. 85502
(928)812-0967

Mr. Mitch Glaser
Los Angeles County Dept. of Regional Planning
320 W. Temple St.
Los Angeles, CA 90012

Re: Sept. 28 Hearing, SCV Area Plan, Project #R2007-01226-(5)
Ranch in Oak Canyon owned by Lechler Ranch LLC and
Maureen Davidheiser Trust

We have been given only a short time to review the very long final environmental impact report. My computer isn't working, so I have not been able to read the CD ROM. The FEIR should take into account the effect of the wildfire that burned our entire ranch several years ago; it has drastically changed the environment, and I don't think the ranch is suitable for an SEA district.

One of the reasons given for the SEA proposal is protection of red-footed frogs, if there really are any in Oak Canyon. According to a newspaper article, the Fish & Wildlife Service issued rules setting aside 1.6 million acres for these frogs. I thought that was what national forests were for. Our ranch is close to the Los Padres National Forest, where frogs can hop around in a vast pristine wilderness owned by the public without further limiting the rights of property owners.

Our ranch is zoned Agricultural, but it appears that the SEA board can overrule uses permitted by zoning. Permitted uses seem to be left up to arbitrary decisions by the SEA board. We would have no assurance that this board was fair-minded; it might well consist of environmental extremists who oppose almost any agricultural uses. I believe SEA provisions regarding conservation easements are illegal.

Existing regulations ensure adequate open space on our property without adding to the expanding bureaucracy and over-regulation that is causing a political backlash in this country and testing the patience even of Democrats like me.

Maureen Davidheiser
Maureen Davidheiser
Trustee, Maureen Davidheiser Trust
Member, Lechler Ranch LLC

SEP 26 2011

3435 Wilshire Boulevard
Suite 320
Los Angeles, CA 90010-1904

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(213) 387-5383 fax
www.sierraclub.org

9-22-11

Mitch Glaser, Planner
Los Angeles County Dept of Regional Planning
300 W. Temple St.
Los Angeles, CA 90012

Re: One Valley One Vision General Plan Update and EIR,
Wednesday September 28th[h] Agenda Item

Please Copy to All Commissioners

Dear Mr. Glaser:

As the County is undoubtedly aware, several new developments have come to light in the last few months that will affect water supply and water quality for the proposed One Valley One Vision General Plan update. The Sierra Club therefore submits these additional comments and asks that the issues herein be addressed.

This Plan proposes to allow development and a population projection of nearly double the currently residents in the Santa Clarita Valley. It is therefore imperative that the County ensures that both existing and future residents have a clean and safe drinking water supply and that the water quality of the Santa Clara River is protected.

Chlorides

A news article in the Newhall Signal dated June 8th 2011, stated that the Los Angeles Regional Water Quality Control Board has issued Notices of Violation for the Saugus and Valencia Treatment plants for failure to address the Chloride TMDL. The OVOV Plan should disclose these Notices and discuss how the County plans to comply with the Clean Water Act while doubling the current population and increasing effluent flow to the Santa Clara River.

Statements by Castaic Lake Water Agency and the Sanitation Districts that water from the Kern area serves to reduce the chloride concentration in State Water Project (SWP) water are not accurate for the following reasons:

1. No study exists to verify this hypothesis.
2. CLWA water wheeled from banking projects in the Kern area through the aqueduct is only a small percentage of the total state water delivered through the east and west branch of the aqueduct. Thus, this water could not possibly reduce chloride levels in SWP water in any appreciable amount.

Spread of Ammonium Perchlorate Pollution to Well V201

Health Concerns
Ammonium perchlorate interferes with iodine uptake by the thyroid gland, thus producing hypothyroidism. This condition especially affects sensitive populations including fetuses, infants, small children and those with impaired immune systems. It can cause retardation in infants and children.

Ammonium perchlorate has now also been identified in as many as 285 different foodstuffs[1] from crops and cows that have absorbed it through a contaminated water supply. Thus, according to the Environmental Working Group, "every day, the average two-year-old will be exposed to more than half of the EPA's safe dose of perchlorate from food alone," [2] a dose that is much higher than that allowed in California drinking water.

A study providing the basis for setting the ammonium perchlorate MCL at 2ppb in Massachusetts concluded that: "Current data indicate that perchlorate exposures attributable to drinking water in individuals at sensitive life stages should be minimized....Widespread exposure to perchlorate and other thyroid toxicants in drinking water and foods suggest that more comprehensive policies to reduce over all exposures and enhance iodine nutrition are needed."[3]

While State officials recently urged an even lower Maximum Contaminant Level (MCL) for ammonium perchlorate and the Environmental Working Group urges a 0 tolerance level for children, the public in this Valley was not even alerted to the closure of yet another drinking water well due to perchlorate pollution.

New Information
On June 9th, 2011, the Newhall Signal ran a news story regarding the spread of the pollution plume to Valencia Saugus water well 201. (Press release attached).

Interestingly, the press release noted that this well has been closed since August 2010. However, the OVOV Plan did not disclose or discuss this information. Failure to disclose such important information in the DEIR and to the public constitutes a serious deficiency in the CEQA document and in the planning process. Since this well has been closed for almost a year, during which time many hearings on the OVOV plan were held, there seems to have been a deliberate effort to miss-inform the public and the decision-makers. We strongly protest the Water Agencies' lack of transparency on this matter.

As the County undoubtedly knows, this is an extremely serious situation since it means that the pollution plume has moved beyond the "pump and treat" capture wells and is moving at a much faster rate of travel than previously estimated would occur. In 2004, the Sierra Club expressed concern over the possibility of such a scenario, but the water agencies and others disregarded those concerns.

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[1] Murray, C.W., Egan, S.K., Kim, H., Beru, N., and Bolger, P.M. (2008). US Food and Drug Administration's Total Diet Study: Dietary Intake of Perchlorate and Iodine. JESEE 18:571-580.
[2] "Perchlorate in Food and Beverages", Environmental Working Group, 2008
http://www.ewg.org/reports/FDA-Finds-Rocket-Fuel-%28Perchlorate%29-in-Food-and-Beverages
[3] "Basis for Massachusetts Reference dose and Drinking Water Standard for Perchlorate", Zewdie, Smith, Hutchinson, West", Massachusetts Department of Environmental Protection

If pumping from this well continues, such pumping would likely draw the pollution plume further in a westerly direction, thus spreading the contamination into an even greater portion of the Saugus aquifer and possibly making that ground water source unusable.

This now likely possibility has major implications for water supply in the Santa Clarita Valley. As noted in the 2011 Urban Water Management approved in June and on file with the County (hereby incorporated by reference), the Saugus Aquifer is a major source of water supply and the only local bank in the event of a severe drought. The Sierra Club therefore believes it is imperative that the County delay approval of the OVOV Plan in its current form. We believe the Plan must now be re-written to address the areas of concern stated in our previous letter, but also the following:

1. Water supply from well 201 should be permanently removed as available in the Plan until new modeling indicates continued pumping would not spread the plume. Pump and Treat scenarios are not acceptable if they will merely spread the plume and pollute more wells.
2. Well Q2 should be re-tested on a monthly basis to make sure that pollution is not occurring there again.
3. All wells in the plume area should be tested for TCE and PCE.
4. All results for contamination by ammonium perchlorate, TCE, and PCE should be disclosed in the EIR so that decision makers can be aware of the full extent of the problem.
5. The Plan should be re-evaluated for the adequacy of the water supply.
6. The Plan should require automatic re-evaluation if/when further well closures occur.

In 2004 the Appellate Court[4] found for the Sierra Club and the Friends of the Santa Clara River and set aside CLWA's 2000 Urban Water Management Plan for failure to provide a timeline indicating when treatment facilities for water polluted by ammonium perchlorate would be available. In light of this precedent setting legal decision involving the Agencies' failure to adequately disclose the ammonium perchlorate pollution problem, we encourage the Agencies to act in good faith, withdraw the current plan and address these serious issues.

Conclusion

The Sierra Club asks that the County delay the approval of the OVOV Plan and the certification of the EIR until this new information is evaluated and addressed.

Sincerely,

Katherine Squires
Conservation Chair, Santa Clarita Group
Sierra Club

Attachments:
1. RWQCB Notices of Violation for SCV treatment plants dated 5-27-11
2. Press release regarding closure of well 201

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[4] *Friends of the Santa Clara River v. Castaic Lake Water Agency* (2004) 123 Cal.App.4th

FOR IMMEDIATE RELEASE
June 9, 2011

PERCHLORATE DETECTED DURING ROUTINE TESTING

Well Removed from Service Pending Treatment Covered By Whittaker Bermite Settlement Agreement

Valencia Water Company has notified the Whittaker Bermite property owners that it will seek remediation funds to clean up a closed well near Santa Clarita City Hall following routine water quality testing that detected low levels of perchlorate. The remediation funds are being sought under a 2007 settlement agreement among Castaic Lake Water Agency (CLWA), Newhall County Water District, Santa Clarita Water Division and Valencia Water Company and Whittaker Corporation and others to address clean-up of impacted wells from the former munitions site.

In August 2010, Valencia Water Company detected perchlorate in Well 201 near City Hall. Although the perchlorate levels were within safe drinking water standards, the company immediately took the well out of service and notified the State Department of Public Health. Valencia Water Company continued to monitor the inactive well on a monthly basis. The most recent sample confirmed that perchlorate is still present and that wellhead treatment is needed as outlined by the settlement agreement with Whittaker Bermite.

"Our diligence in conducting extensive testing enabled us to quickly shut down the well and continue to provide safe water to our customers," said Keith Abercrombie, General Manager for Valencia Water Company. "The removal of this well from service will not have any near-term or long-term impacts on the quality or cost of water to our customers. To the extent it is even necessary, we will shift production to other wells elsewhere in the groundwater basin."

CLWA General Manager Dan Masnada said, "The closing of this well will not impact the Santa Clarita Valley Family of Water Suppliers' ability to adequately provide water to our customers and will not have a negative impact on the Valley's water supply. CLWA and the water retailers continue to ensure that all drinking water quality standards are met and long-term solutions are put in place to address the presence of perchlorate in small portions of the Valley's groundwater aquifers.

"In addition, a pending update of the 2010 Santa Clarita Valley Urban Water Management Plan will examine the presence of perchlorate in Well 201," Masnada said.

Valencia Water Company works cooperatively with and as a member of the Santa Clarita Valley Family of Water Suppliers to provide customers a mix of groundwater pumped from area wells and imported state water. In April 2007, the local water suppliers and the Whittaker Bermite

-more-

property owners negotiated a settlement, which establishes funding to address the clean-up of perchlorate from the former munitions site.

Last year, a $13 million treatment facility near Bouquet Canyon Road and the Santa Clara River came on line to treat perchlorate in groundwater emanating from the Whittaker Bermite property. That treatment facility is part of a larger program that includes the restoration of two perchlorate-impacted wells to extract contaminated groundwater and control the migration of perchlorate in the Saugus Formation aquifer. The cost of that "pump and treat" system is also covered under the settlement agreement that protects the public from paying for the remediation costs.

As part of the settlement, several wells were identified as potentially threatened by perchlorate, including Well 201. Thus, while the now-operational pump and treatment program is intended to control migration of perchlorate, the possibility of further contamination in the direction of groundwater flow was recognized before its installation, and provisions were incorporated in the program to treat any additional wells impacted by perchlorate. Initial operation of the pump and treatment remediation is functioning as planned, and is still applicable for both of its objectives – to control contaminant migration near the source and to extract perchlorate from the aquifer system. In short, the detection of perchlorate at Well 201 does not reflect any change in the anticipated long-term effectiveness of the containment and treatment remedy.

Prior impacted wells included Q2, a Valencia Water Company well that underwent successful wellhead treatment in 2005 utilizing the same treatment technology contemplated for Well 201, and today has no perchlorate detection. Since 1997, seven wells in the Santa Clarita Valley, including this most recent one, have been impacted by perchlorate. Three of those wells have been successfully treated and returned to service, two have been replaced, one is planned to be replaced and this most recent well will have treatment installed.

Perchlorate is a regulated drinking water contaminant in California with a maximum contaminant level (mcl) of 6 parts per billion (ppb). The Valencia Water Company test in August 2010 was 5 ppb. During the last several months, readings have varied from 5 to 12 ppb in the most recent test.

Perchlorate is both a naturally occurring and man-made ion used to form a variety of salts. Perchlorate is primarily used today as an oxidizer in solid rocket fuel and other propellants and to a lesser extent, in fireworks, explosives and air-bag inflators. It is highly soluble in water and has been detected in ground and surface water in 26 states. It has also been detected in water supplies in close proximity to sites where solid rocket fuel was manufactured or used, such as the Whittaker Bermite site.

Valencia Water Company is a water provider to 113,000 residential, commercial, industrial and business customers in Valencia, Stevenson Ranch and portions of Saugus and Castaic.

Contact: Keith Abercrombie, General Manager, Valencia Water, (661) 295-6501
Dan Masnada, General Manager, CLWA, (661) 297-1600 Ext. 239

California Regional Water Quality Control Board
Los Angeles Region

320 West Fourth Street, Suite 200, Los Angeles, California 90013
(213) 576-6600 • Fax (213) 576-6640
http://www.waterboards.ca.gov/losangeles

Linda S. Adams
Acting Secretary for Environmental Protection

Edmund G. Brown Jr.
Governor

May 27, 2011

Mr. Stephen R. Maguin
Chief Engineer and General Manager
County Sanitation Districts of Los Angeles County
1955 Workman Mill Road
Whittier, California 90607-4998

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
NO. 7010 3090 0002 1022 3817

Dear Mr. Maguin:

***NOTICE OF VIOLATION* - SANTA CLARITA VALLEY SANITATION DISTRICT OF LOS ANGELES COUNTY, VALENCIA WATER RECLAMATION PLANT (ORDER NO. R4-2009-0074 NPDES NO. CA0054216, CI 4993)**

Santa Clarita Valley Sanitation District of Los Angeles County (hereinafter Discharger or SCVSD, formerly referred to as Los Angeles County Sanitation District), discharges wastewater pursuant to Order No. R4-2009-0074 and National Pollutant Discharge Elimination System (NPDES) Permit No. CA0054216 (Order), which was adopted by the California Regional Water Quality Control Board, Los Angeles Region (Regional Board).

The Order authorizes the Discharger to discharge up to 21.6 MGD of tertiary-treated wastewater from the Valencia Water Reclamation Plant (hereinafter Facility). The Order sets forth waste discharge requirements, including effluent limits, and a monitoring and reporting program (MRP CI-4993) that apply to the discharges of pollutants from the Facility. This wastewater contains chlorides and other pollutants that can degrade water quality and impact beneficial uses of water, and that are defined as wastes under the Porter-Cologne Water Quality Control Act (Cal.Wat. Code § 13000 et seq.). The treated wastewater is discharged to the Santa Clara River, a navigable water of the United States.

MRP CI-4993 requires that the Discharger submit self-monitoring reports, discharge monitoring reports, and an annual summary report to this Regional Board in compliance with all Standard Provisions related to monitoring, reporting, and recordkeeping.

Provision VI.C.8, on page 41 of the Order reads: "The discharger shall comply with the applicable TMDL-related tasks[1], and future revisions thereto, in Attachment K of this Order."

[1] The Upper Santa Clara River Chloride TMDL was approved by the Regional Board, the State Water Resources Control Board, the State Office of Administrative Law (OAL), and the U.S. EPA, and became effective on April 6, 2010. The USCR Chloride TMDL Implementation Plan, including Task 17(a), was accommodated into Order No. R4-2009-0074 and NPDES Permit No. CA0054216 on June 4, 2009 and became effective on July 24, 2009.

Attachment K lists the TMDL tasks. Page K-3 lists Task 17(a).

You are hereby notified that the Discharger is out of compliance with requirements established in the Order and has violated California Water Code section 13383 for failure to complete Task 17(a) in Attachment K as follows:

- Failure to complete a Programmatic Environmental Impact Report (EIR) for facilities to comply with final permit effluent limits for chloride. The Discharger submitted a copy of a Notice of Exemption from the requirement to prepare an EIR or Negative Declaration to the Regional Board on May 2, 2011. The Notice of Exemption does not meet the requirements of Task 17(a) in Attachment K because it does not constitute a programmatic EIR and it addresses actions to meet the conditional wasteload allocations (WLAs) not actions to meet the final effluent limits for chloride.

- Failure to submit an adequate Wastewater Facilities Plan for facilities to comply with final permit effluent limits for chloride. The Santa Clarita Valley Chloride TMDL Facilities Plan (Facilities Plan) submitted by the SCVSD on May 2, 2011 is inadequate because it is not a plan for actions to meet the final effluent limits for chloride of 100 mg/L. If the Facilities Plan was intended to comply with the conditional WLAs in the TMDL, it is inadequate because it does not provide the facilities necessary to allow application of conditional WLAs.

You are required to comply immediately with the following tasks:

1. Ensure that Task 17(a) in Attachment K is completed and the Wastewater Facilities Plan and Programmatic Environmental Impact Report for facilities to comply with final permit effluent limits for chloride are submitted to the Regional Board.

2. Ensure full implementation of all requirements contained in MRP CI-4993.

3. Submit a written response (1) confirming you have corrected these violations with a brief description of how you have corrected them, or (2) identifying when you will have completed correcting these violations and a brief description of how you will correct them. Submit your written response by June 27, 2011 to:

   Jenny Newman
   Chief, TMDL Unit 3
   California Regional Water Quality Control Board
   Los Angles Region
   320 W. 4th Street, Suite 200
   Los Angeles, CA 90013- 2343

Pursuant to CWC § 13385, you are subject to administrative civil liability of up to $10,000 for each day in which the violation occurs plus $10 multiplied by the number of gallons by which the volume discharged but not cleaned up exceeds 1,000 gallons. These civil liabilities may be assessed by the Regional Board for failure to comply, beginning with the date that the violations first occurred, and without further warning.

The matter may be referred to the Attorney General for further enforcement. In such case, the Attorney General may seek up to $25,000 per day and $25 per gallon. The Regional Board reserves its right to take any further enforcement action authorized by law.

In SCVSD's semi-annual status reports submitted on November 4, 2010, and May 2, 2011, SCVSD requested to use the reconsideration clause under Task 16 of the Upper Santa Clara River Chloride TMDL implementation plan to revise the TMDL to incorporate the Alternative Compliance Plan (ACP). The intent of the reconsideration clause under Task 16 is to consider extending the implementation schedule to implement control measures necessary to meet final conditional WLAs, not to revise the conditional WLAs to accommodate the ACP, as requested by SCVSD. Therefore, Regional Board staff is hereby declining to recommend to the Board a reconsideration under Task 16.

If you have any questions regarding this matter, please contact Jenny Newman at (213) 576-6691 or at jnewman@waterboards.ca.gov.

Sincerely,

Samuel Unger

Samuel Unger, P.E.
Executive Officer

cc: Julie Macedo, Office of Enforcement, State Water Resources Control Board
Frances McChesney, Office of Chief Counsel, State Water Resources Control Board

California Regional Water Quality Control Board
Los Angeles Region

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1955 Workman Mill Road
Whittier, California 90607-4998

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
NO. 7010 3090 0002 1022 3824

Dear Mr. Maguin:

***NOTICE OF VIOLATION* - SANTA CLARITA VALLEY SANITATION DISTRICT OF LOS ANGELES COUNTY, SAUGUS WATER RECLAMATION PLANT (ORDER NO. R4-2009-0075 NPDES NO. CA0054313, CI 2960)**

Santa Clarita Valley Sanitation District of Los Angeles County (hereinafter Discharger or SCVSD, formerly referred to as Los Angeles County Sanitation District), discharges wastewater pursuant to Order No. R4-2009-0075 and National Pollutant Discharge Elimination System (NPDES) Permit No. CA0054313 (Order), which was adopted by the California Regional Water Quality Control Board, Los Angeles Region (Regional Board).

The Order authorizes the Discharger to discharge up to 6.5 MGD of tertiary-treated wastewater from the Saugus Water Reclamation Plant (hereinafter Facility). The Order sets forth waste discharge requirements, including effluent limits, and a monitoring and reporting program (MRP CI-2960) that apply to the discharges of pollutants from the Facility. This wastewater contains chlorides and other pollutants that can degrade water quality and impact beneficial uses of water, and that are defined as wastes under the Porter-Cologne Water Quality Control Act (Cal.Wat. Code § 13000 et seq.). The treated wastewater is discharged to the Santa Clara River, a navigable water of the United States.

MRP CI-2960 requires that the Discharger submit self-monitoring reports, discharge monitoring reports, and an annual summary report to this Regional Board in compliance with all Standard Provisions related to monitoring, reporting, and recordkeeping.

Provision VI.C.8, on page 40 of the Order reads: "The discharger shall comply with the applicable TMDL-related tasks[1], and future revisions thereto, in Attachment K of this Order."

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If you have any questions regarding this matter, please contact Jenny Newman at (213) 576-6691 or at jnewman@waterboards.ca.gov.

Sincerely,

Samuel Unger

Samuel Unger, P.E.
Executive Officer

cc: Julie Macedo, Office of Enforcement, State Water Resources Control Board
Frances McChesney, Office of Chief Counsel, State Water Resources Control Board

DEPARTMENT OF TRANSPORTATION
DISTRICT 7, REGIONAL PLANNING
IGR/CEQA BRANCH
100 MAIN STREET, MS # 16
LOS ANGELES, CA 90012-3606
PHONE: (213) 897-9140
FAX: (213) 897-1337

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September 23, 2011

IGR/CEQA No. 110922AL-FEIR
Referenced to IGR/CEQA No. 101150-REIR, 090903-DEIR, and 080733-NOP
One Valley One Vision
Vic. LA-05/126/14
SCH # 2008071119

Mr. Mitch Glaser
Department of Regional Planning
Los Angeles County
320 West Temple Street
Los Angeles, CA 90012

SEP 26 2011

Dear Mr. Glaser:

This is a follow-up to our letter dated January 21, 2011 and after receipt of your Final Environmental Impact Report (FEIR). We would like to provide the following comments after the Response to Comment is reviewed.

The California Department of Transportation (Caltrans) as a commenting/responsible agency under CEQA has jurisdiction superceding that of MTA in identifying the freeway analysis necessary for this project. Caltrans is responsible for obtaining measures that will off-set project vehicle trip generation that worsens Caltrans facilities and hence, it does not adhere to the CMP guide of 150/50 or more vehicle trips added before freeway/highway analysis is needed. MTA's Congestion Management Program in acknowledging the Department's role, stipulates that Caltrans must be consulted to identify specific locations to be analyzed on the State Highway System.

Please be reminded that although the lead agency is required to comply with Los Angeles County Congestion Management Program (CMP) standards and thresholds of significance, Caltrans does not consider the Los Angeles County's CMP criteria alone to be adequate for the analysis of transportation impacts pursuant to a CEQA review. CMP requirements were developed by Los Angeles County in the context of CMP goals and objectives; it does not supersede the criteria from the commenting/responsible agency under CEQA. Caltrans' Guide directs preparers of traffic impact analysis to consult with the local District as early as possible to determine the appropriate requirements and criteria of significance to be used in the traffic impact analysis. Generally, when traffic is added to already deficient highway conditions (LOS "F"), it is considered a cumulatively significant impact, as it may contribute to the extension of the congestion period.

When the Traffic Impact Analysis states that the proposed development would not exceed Los Angeles County's Congestion Management Program (CMP) criteria of significance for freeways and highways, this CMP traffic analysis also fails to provide adequate information as to the potential cumulative effect of the added traffic, please see Section 15065(3) of the CEQA guidelines. When analyzing the State facilities, please have the project applicant or consultant consult with Caltrans as early as possible to avoid noncompliance of CEQA requirements.

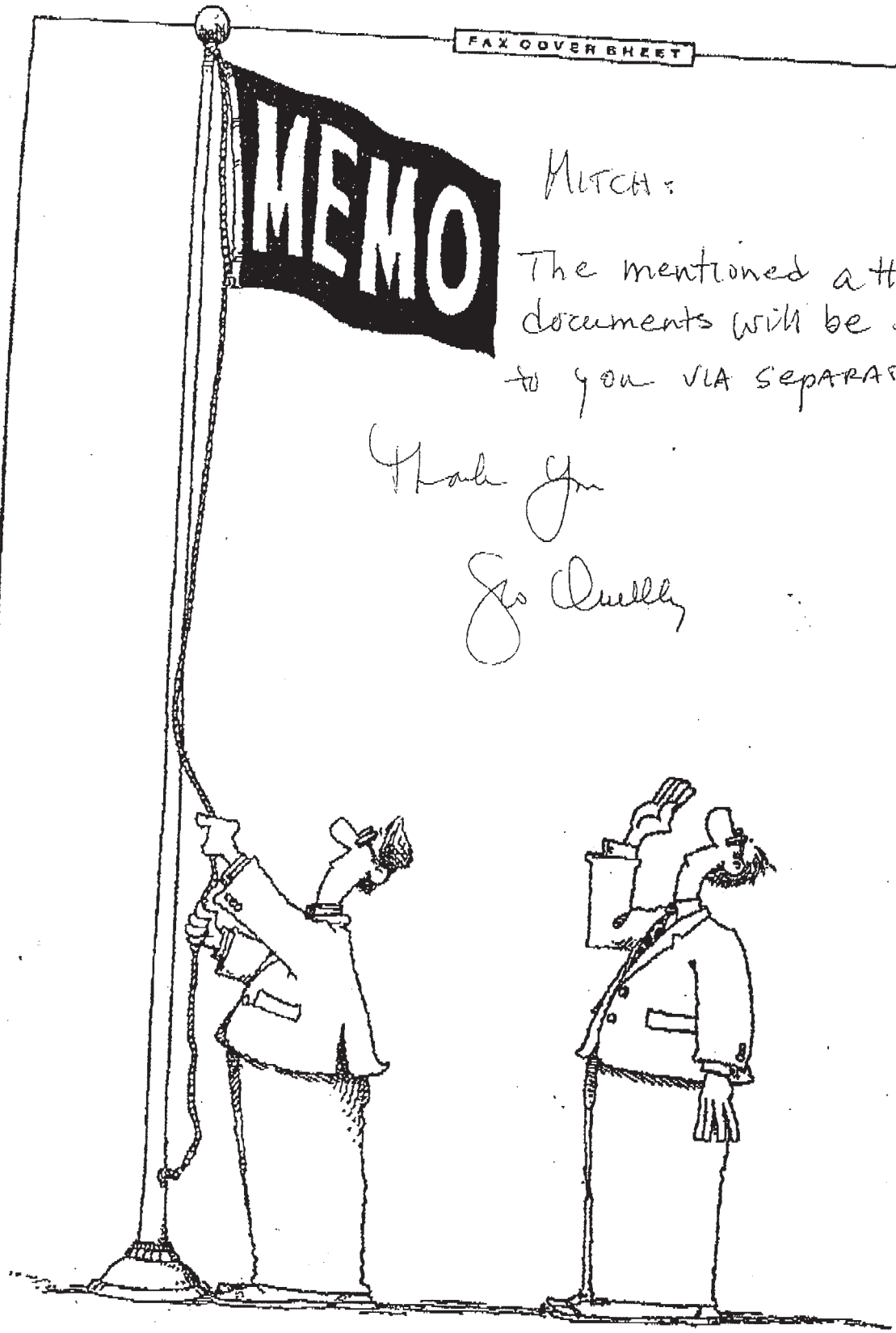
We would like to encourage the County to incorporate the above discussion to your policies in the proposed Area Plan's Circulation Element. If you have any questions, please feel free to contact me at (213) 897-9140 or Alan Lin the project coordinator at (213) 897-8391 and refer to IGR/CEQA No. 110922AL.

Sincerely,

DIANNA WATSON
IGR/CEQA Branch Chief

cc: Scott Morgan, State Clearinghouse

FAX COVER SHEET



Mitch:

The mentioned attached documents will be sent to you via separate cover.

Thank you

Glo Donnelly

TO: Mitch Glaser, Planner	FOR INFORMATION, CALL: Glo
FROM: Glo Donnelly, CAG Chair	AT: (661) 255-7556
PAGES (including cover sheet): 4	FAX NUMBER: (661) 255-0123

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September 21, 2011

Los Angeles Regional Planning Commission
Mitch Glaser, Planner
L.A.County Dept. of Regional Planning
300 W. Temple St.
Los Angeles, CA 90012

Re: One Valley One Vision Santa Clarita Area Plan Update for Wednesday Sept. 28th

Honorable Commissioners and Mr. Glaser:

The Whittaker Bermite Citizen's Advisory Group (CAG) was originally formed over a decade ago, and reformed in 2010. The vision of the CAG is to create a future where all residents and users of the soil, air and water in the SCV will find a clean, safe, accessible and healthy environment for living, work, and recreation both now and in the future. One of our stated goals is to ensure that regulatory agencies responsible for monitoring clean-up activities provide adequate oversight to ensure that all work is conducted in the safest possible manner, and that the health, safety and general welfare of the surrounding communities are protected at all times.

The County of Los Angeles, Department of Regional Planning provides oversight for planning issues including the General Plan Update known as One Valley One Vision. That Plan includes the Whittaker Bermite Property. It also relies on water from the Saugus Aquifer that has been polluted by ammonium perchlorate, TCE, PCE and other various organic compounds. Additionally, a soil extraction clean up operation is now underway that emits pollutants into our air.

We believe the County has not adequately addressed these issues in its One Valley One Vision General Plan update, nor in the accompanying EIR. We therefore ask that this Plan not be approved on at this Wednesday's Commission meeting and that the EIR not be certified.

Spread of Ammonium Perchlorate Pollution to Well V201

We are especially concerned about the spread of ammonium perchlorate pollution to a new Saugus well owned by Valencia Water Company and located just off Valencia Blvd. near City Hall and the Whole Foods market. This information substantially changes water quality information reported in the EIR and to the public.

We only learned of this well closure on June 9th, 2011, when the Newhall Signal ran a news story regarding the spread of the pollution plume to Valencia Saugus water well 201. We have attached the press release.

Interestingly, it noted that this well has been closed since August 2010. However, this information was not provided in the OVOV Plan or the in EIR. Why was it left out of the Plan? This seems to have been a deliberate effort to miss-inform the public and the decision-makers. We strongly protest the Water Agencies' and County's lack of transparency on this matter.

As the County knows, this is an extremely serious matter since it means that the pollution plume has moved beyond the "pump and treat" capture wells in a westerly direction and is moving at a much faster rate of travel than previously estimated would occur.

The Saugus Aquifer is a main source of ground water and local water supply as reported by the EIR and the 2011 Urban Water Management Plan, available to County planners and

Without compliance, our children will continue to suffer the high rates of asthma now experienced in our valley

OVOV Circulation Element depends on "Paper Roads" that must be extended through the Whittiker Bermite Property

It appears that the traffic model has included "paper" roads that will never be built or not built in the timeframe indicated in the Plan and environmental documents. Failing to build these roads makes not only the circulation plan fail, but it also then changes the air quality and global warming analysis, making these analyses incorrect.

As a result of a Court approved settlement agreement (attached "Perc" settlement) that required DS 12 as a condition of approval for any development on the Whittaker Bermite property, no development is allowed on the property until the site is cleaned of its extensive contamination.

A lack of insurance funding may also slow or derail the completion of the clean up.

Completion of the clean up is not the only impediment to building these roads. Without development of that property, now in bankruptcy, the City would not be financially able on its own to construct the expensive fly over roadways envisioned to serve the higher elevation of this project site.

The City is well aware of the need for these roads as they clearly state in their brochure provided at the Whittaker Bermite Open House (attached as exhibit 3):

> *"The City has identified in its General Plan, several roads (Magic Mountain Parkway, Via Princess Road, and Santa Clarita Parkway) which must be completed in order to ensure that the City General Plan Circulation Element does not fail."*

Under the current circumstances, it seems unlikely that these roads will be built any time soon and may never be built at all. We therefore request that an alternative Circulation Element be provided that does not include such "paper" roads.

Sincerely,

Glo Donnelly
Chairman
Whittiker Bermite CAG

Attachments:

1. CLWA- Whittaker Bermite Settlement Agreement
2. Press release regarding closure of well 201, June 9th, 2011
3. Settlement Agreement between PERC and the City of Santa Clarita, May 21st 2002
4. Whittaker Bermite City Open House Brochure, Feb 23rd, 2011

CASTAIC LAKE WATER AGENCY LITIGATION

SETTLEMENT AGREEMENT

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CASTAIC LAKE WATER AGENCY LITIGATION

SETTLEMENT AGREEMENT

This Castaic Lake Water Agency Litigation Settlement Agreement (the **"Agreement"**) is dated as of April 6, 2007 (**"Agreement Date"**), by and between the Castaic Lake Water Agency (**"CLWA"**), Santa Clarita Water Company (**"SCWC"**), Newhall County Water District (**"NCWD"**) and Valencia Water Company (**"VWC"**) (collectively, **"Plaintiffs"**), on the one hand, and Whittaker Corporation (**"Whittaker"**), Santa Clarita L.L.C. (**"SCLLC"**), Remediation Financial, Inc. (**"RFI"**), and American International Specialty Lines Insurance Company (**"AISLIC"**), on the other hand. Hereinafter, Whittaker, SCLLC and RFI are collectively referred to as **"Defendants,"** the Plaintiffs and Defendants and AISLIC are collectively referred to as the **"Parties,"** each Plaintiff, each Defendant, and AISLIC is individually referred to as a **"Party,"** and SCLLC and RFI are collectively referred to as the **"RFI Parties"** or **"Debtors."**

RECITALS

A. SCLLC is the owner of approximately 964.79 acres of real property located in the City of Santa Clarita, County of Los Angeles, State of California, described more fully in Exhibit A hereto (the **"SCLLC Property"**). Bermite Recovery, LLC (**"BRLLC"**) is the owner of approximately 23.6 acres of real property located in the City of Santa Clarita, County of Los Angeles, State of California, described more fully in Exhibit B hereto (the **"BRLLC Property"**). The SCLLC Property and the BRLLC Property are hereinafter referred to collectively as the **"Site."**

B. SCWC is the operator of water wells commonly designated as Saugus 1, Saugus 2 and the Stadium Well. NCWD is the owner and operator of water wells commonly designated as NC11 and NC13. VWC is the owner and operator of water wells commonly designated as V157 and Q2. Saugus 1, Saugus 2, the Stadium Well, NC11, V157 and Q2 are collectively referred to at all times as the "**Subject Wells**". As set forth in Section 9.1.7 hereof, NC13 shall be deemed a "Subject Well" in the event and only in the event it is treated as a Project Modification pursuant to Section 9.1.7 and only prospectively from that date it is so treated.

C. Plaintiffs and Defendants are parties to a civil action pending in the United States District Court for the Central District of California, Case No. CV 00-12613 AHM (RZx) (the "**Underlying Action**"). In the Underlying Action, Plaintiffs allege, among other things, that (1) groundwater in the vicinity of the Site has been contaminated by perchlorate and other hazardous materials and that such contamination is continuing with releases to the groundwater; (2) perchlorate has been found in the Subject Wells, and Plaintiffs have incurred and will continue to incur costs in responding to the contamination; and (3) Defendants caused and/or permitted (and are continuing to cause and/or permit) the contamination found on, above, under, or released to the environment at and near the Site and in the Subject Wells. Plaintiffs further allege that they have incurred "response costs" in addressing this contamination, including the costs of engaging consultants to undertake environmental assessment, water treatment studies, groundwater analysis and characterization work in connection with the alleged perchlorate contamination. Plaintiffs are seeking recovery of their alleged response costs and other damages, as well as injunctive and declaratory relief. Defendants deny Plaintiffs' allegations and, further, contend in their Counter-Claims that Plaintiffs are liable, in whole or in part, for Plaintiffs' alleged costs and damages **("the Counter-Claims").**

D. Plaintiffs have entered into that certain Environmental Oversight Agreement ("**EOA**") with the California Environmental Protection Agency, Department of Toxic Substances Control ("**DTSC**"). Plaintiffs are designated as "Proponents" under the EOA.

E. Whittaker and DTSC are parties to that certain 1994 Consent Order, Docket HAS 94/95-012 (the "**Consent Order**"), and the DTSC issued to Whittaker that certain Imminent and Substantial Endangerment Determination and Order and Remedial Action Order (the "**Order**") in 2002. SCLLC and DTSC are parties to that certain 2001 Enforceable Agreement (the "**Enforceable Agreement**").

F. Plaintiffs and Defendants entered into that certain Interim Settlement and Funding Agreement dated as of July 28, 2003 (the "**Interim Agreement**") and that certain First Amendment to Interim Settlement and Funding Agreement dated as of October 11, 2004 (the "**First Amendment**") which, among other things, extended the term of the Interim Agreement through January 2005.

G. Plaintiffs and Defendants mutually agree on the "Project and Associated Facilities" (as hereinafter defined) that shall be implemented by the Plaintiffs. The Project and Associated Facilities are intended to provide containment of perchlorate in off-site groundwater in portions of the Saugus Formation and to restore Plaintiffs' groundwater production capacity diminished by perchlorate contamination in the Subject Wells.

H. The Project fulfills some of Defendants' obligations under and resolves some of Defendants' alleged liabilities to DTSC under the Consent Order, the Order, and the Enforceable Agreement with respect to the remediation of groundwater, and Defendants' remaining responsibility for addressing groundwater remediation will be determined in compliance with the lawful requirements of the regulatory agencies.

I. This Agreement provides for certain funds to be available rapidly to address any future perchlorate contamination of Plaintiffs' presently existing **"Threatened Wells"** (as defined herein) during the period defined herein without prejudice to other rights and remedies of the Plaintiffs or the defenses of the Defendants. This Agreement also provides for arbitration to be available to Plaintiffs to resolve certain future disputes, if any, between or among the Parties involving possible future perchlorate contamination of Plaintiffs' **"Presently Existing Saugus Production Wells and Alluvial Production Wells"**, other than the Subject Wells, as hereinafter defined.

J. This Agreement contemplates that the Defendants (or any **"Buyer"** (as defined below) of the Site that assumes certain liabilities of Defendants) will be in compliance with their remediation responsibilities under law with respect to the Site and the associated groundwater, as reflected in the applicable requirements of the Consent Order, Order and the Enforceable Agreement, and that Defendants will conduct their remediation activities in a reasonably expedient, efficient and cost-effective manner as reasonably determined by Defendants and the regulatory authorities. In particular, the Defendants' (and/or any Buyer of the Site that assumes certain liabilities of Defendants) remedial activities within the Site are important to addressing the contamination within the Saugus and **"Alluvial Aquifers"** (as defined below). The Parties acknowledge that payments and expenditures under this Agreement are deemed reasonable and necessary for addressing offsite groundwater contamination emanating from the Site and are consistent with the National Contingency Plan, and are deemed **"Response Costs"** (as defined below) as that term is used and contemplated in CERCLA.

K. VWC reported detecting perchlorate in its alluvial well Q2 in connection with its regular monitoring of active municipal supply wells operating near the site in April 2005

(although a more recent sampling did not detect perchlorate above the current California Department of Health Services ("DHS") limit for reporting perchlorate). VWC temporarily removed the well from active service and installed wellhead treatment to remove perchlorate. The Q2 treatment system started operating in October 2005. The Defendants have funded five hundred thousand dollars ($500,000) for reasonable and necessary and approved capital costs and two hundred twenty three thousand and two hundred ten dollars ($223,210) for reasonable and necessary and approved operations and maintenance costs of the Q2 Treatment System in a Q2 Escrow Account. The Defendants have agreed to pay certain additional reasonable and necessary operating and maintenance costs of that system in accordance with the terms of this Agreement.

L. On July 7, 2004, SCLLC, and RFI filed voluntary Chapter 11 bankruptcy petitions, and the cases thereby commenced are pending in the United States Bankruptcy Court for the District of Arizona ("**Bankruptcy Court**"), denominated Cases Nos. 2-04-BK-11910 CGC, and 2-04-BK-11911 CGC. BRLLC filed a voluntary Chapter 11 bankruptcy petition on September 30, 2004, denominated Case No. 2-04-BK-17294 CGC, also pending in the Bankruptcy Court. Case Nos. 2-04-BK-11910 CGC, 2-04-BK 11911 CGC and 2-04-BK-17294 CGC are hereinafter referred to collectively as the "**Bankruptcy Cases.**" RFI Realty, Inc. filed a voluntary Chapter 11 bankruptcy petition on June 15, 2004 denominated as Case No. 2-04-BK-10486 CGC; the Bankruptcy Cases are jointly administered with RFI Realty, Inc.'s bankruptcy case under Case No. 2-04-BK-10486 CGC. SCLLC and BRLLC have filed a motion seeking Bankruptcy Court Approvals to sell the Site. The term "**Buyer**," as used herein, means the entity to which title to the Site is conveyed after Bankruptcy Court approval; provided, however, that if either the Bankruptcy Court does not approve a sale or a sale approved by the Bankruptcy Court

in the Bankruptcy Cases does not close pursuant to Bankruptcy Court approval, and consequently there is no Buyer, then this Agreement shall not be impacted in any way whatsoever.

M. Plaintiffs have prepared and submitted to DTSC for approval and DTSC has approved a Remedial Investigation ("RI") consisting of a technical memorandum prepared on behalf of the United States Army Corps of Engineers, a Feasibility Study ("FS") and an Interim Remedial Action Plan ("IRAP") for a containment and treatment system for perchlorate contamination in portions of the Saugus Formation. Such containment and treatment system is consistent with the discussions and understandings between the Plaintiffs and Defendants.

N. The Parties are entering into this Agreement in order to effectuate a settlement of the Underlying Action and to resolve certain disputes between Plaintiffs and Defendants that have arisen between them, as well as to provide the Parties with expedited alternative dispute resolution mechanisms for resolving certain disputes which may arise between Plaintiffs and Defendants in the future, to the extent provided and in accordance with the terms and conditions set forth in this Agreement. The Plaintiffs and Defendants have reached a separate settlement concerning the Defendants' Counter-Claims which will be the subject of a separate settlement agreement to be executed by certain of the Parties simultaneously with the execution of this Agreement, (the "Related Settlement") and which is part of the consideration for and a condition precedent to this Agreement.

O. Certain funds from the **"Steadfast PLC Policy"** (defined below), in accordance with and subject to the Coverage and Claims Settlement Agreement and the Bankruptcy Court's December 22, 2005 Order approving same, and the Joint Escrow 1 Agreement and Instructions, are being made available to settle the matters described and released herein. AISLIC shall

request the SF Escrow 1 Account Escrow Agent (Wells Fargo Bank or any successor) to release funds from the SF Escrow 1 Account to satisfy certain of Defendants' payment obligations and obligations to fund escrow accounts hereunder.

P. The Defendants and AISLIC represent that this Agreement is a settlement in the CLWA Case that meets all "Approved CLWA Settlement Parameters" set forth in Exhibit 16 to the Coverage and Claims Settlement Agreement.

Q. The Defendants and AISLIC represent that the payment obligations pursuant to this Agreement will be funded on behalf of Defendants as provided by Section VIII ("Funding Settlement of CLWA Case") of the Coverage and Claims Settlement Agreement and as provided herein.

R. Nothing in this Agreement is intended to alter any rights or obligations existing under the Coverage and Claims Settlement Agreement.

NOW, THEREFORE, in consideration of the execution of this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

AGREEMENT

ARTICLE 1. DEFINITIONS

In addition to terms defined elsewhere in this Agreement, the following terms shall have the following meanings:

1.1 "**Administrator**" means AISLIC or such successor entity designated as the Administrator of the "SF Escrow 1" in the "Coverage and Claims Settlement Agreement."

1.2 **"Agreement"** means this "Castaic Lake Water Agency Litigation Settlement Agreement."

1.3 **"Agreement Date"** means April 6, 2007.

1.4 "**AISLIC**" means American International Specialty Lines Insurance Company, which issued Pollution Legal Liability Select/Cleanup Cost Cap, policy no. PLS 267-9186 (the "AISLIC Policy") to Defendant Whittaker Corporation and is the entity presently designated as the Administrator of the "SF Escrow 1" in the "Coverage and Claims Settlement Agreement."

1.5 "**AISLIC Future Perchlorate Determination of Coverage**" means a coverage determination by AISLIC satisfactory to Whittaker, at its discretion exercised in good faith, agreeing to provide coverage with respect to a "**Non-Subject Well Future Perchlorate Circumstance**" in response to the demand for coverage delivered by Whittaker as set forth in Section 10.1.1 below.

1.6 "**Allowed Claim**" has the meaning set forth in Section 12.1.5, below.

1.7 "**Alluvial Aquifer**" means the shallow (typically, 50 to 200 feet of saturated thickness), generally unconfined aquifer consisting of unconsolidated fluvial sand and gravel within the valleys and canyons of the Santa Clarita Valley. The Alluvial Aquifer unconformably overlies the Saugus Formation.

1.8 "**Annual Project O&M Deposit**" has the meaning set forth in Section 5.2.1.

1.9 "**Approved Capital Costs**" has the meaning set forth in Section 6.2.1, below.

1.10 "**Approved O&M Costs**" has the meaning set forth in Section 6.4.1, below.

1.11 "**Approved Q2 O&M Costs**" has the meaning set forth in Section 6.3.1, below.

1.12 "**Associated Facilities**" means the "Distribution Pipelines" and the "Replacement Wells & Associated Pipelines" (as defined below).

1.13 "**Bankruptcy Court**" has the meaning described in Recital L.

1.14 "**Bankruptcy Court Determinations**" has the meaning set forth in Section 2.4, below.

1.15 "**Bankruptcy Cases**" has the meaning described in Recital L.

1.16 **"BRLLC"** means Bermite Recovery, LLC the owner of approximately 23.6 acres of real property located in the City of Santa Clarita, County of Los Angeles, State of California and as more fully described in Exhibit B.

1.17 **"BRLLC Property"** has the meaning fully described in Exhibit B.

1.18 **"Buyer"** has the meaning fully described in Recital L.

1.19 **"CGL Policy"** has the meaning set forth in Section 11.1.1.

1.20 **"CLWA"** means Castaic Lake Water Agency.

1.21 **"Commencement of Operations"** means commencement of the operation to purvey water to the public from the Project or **"Q2 Treatment System" (as defined below)**, as the case may be. The Parties agree that Commencement of Operations for the Q2 Treatment System was October 12, 2005 ("Q2 Commencement Date").

1.22 **"Consent Order"** has the meaning fully described in Recital E.

1.23 **"Counter-Claims"** has the meaning fully described in Recital C

1.24 **"Coverage and Claims Settlement Agreement"** means the Settlement Agreement by and between the "RFI Parties", the "Zurich Companies", the "AISLIC Parties", and "Whittaker" (as those terms are defined in the Coverage and Claims Settlement Agreement) that provides for certain funding for this Agreement, and that was filed in the Bankruptcy Cases on November 15, 2005 and approved as modified by the Bankruptcy Court's Order Approving Coverage and Claims Settlement Agreement dated December 22, 2005 (the "Coverage Order").

1.25 **"Day"** or **"day"** means a calendar day unless expressly stated to be a Working Day.

1.26 **"Debtors"** means SCLLC and RFI.

1.27 **"Defendants"** means Whittaker, SCLLC and RFI, collectively.

1.28 **"Distribution Pipelines"** means construction of certain new distribution pipelines as described in Exhibit C.

1.29 **"DTSC"** means the California Environmental Protection Agency, Department of Toxic Substances Control as referred to in Recital D.

1.30 **"Earthquake Policy"** has the meaning set forth in Section 11.1.1.

1.31 **"EIL Policy"** has the meaning set forth in Section 11.1.1.

1.32 **"Effective Date"** has the meaning set forth in Section 2.1

1.33 **"Enforceable Agreement"** refers to that certain 2001 Enforceable Agreement made by SCLLC and DTSC, as described in Recital E, above.

1.34 **"EOA"** means the Environmental Oversight Agreement as referred to in Recital D.

1.35 "**Escrow Accounts**" means the "Project Capital Costs Escrow Account", the "Project O&M Escrow Account", the "Replacement Wells/Distribution Pipelines Escrow Account", and the "Q2 Escrow Account," (all as hereinafter defined.)

1.36 **"Final Approval Order"** has the meaning set forth in Section 2.1.

1.37 **"First Amendment"** has the meaning described in Recital F.

1.38 **"Good Faith Certifications"** has the meaning set forth in Section 2.1.1.

1.39 **"Initial Project Capital Costs Deposit"** has the meaning set forth in Section 4.4.

1.40 **"Interim Agreement"** has the meaning described in Recital F.

1.41 **"JAMS"** means Judicial Arbitration and Mediation Service.

1.42 **"Lump Sum Determination"** has the meaning set forth in Section 5.2.6.

1.43 **"MCL"** means Maximum Contaminant Level as set forth in Section 9.1.1.

1.44 **"NCWD"** means Newhall County Water District.

1.45 **"Order"** refers to that certain Imminent and Substantial Endangerment Determination and Order and Remedial Action Order described in Recital E.

1.46 **"Parties"** means Plaintiffs and Defendants and AISLIC, collectively.

1.47 **"Plaintiffs"** means Castaic Lake Water Agency ("CLWA"), Santa Clarita Water Company ("SCWC"), Newhall County Water District ("NCWD") and Valencia Water Company ("VWC"), collectively.

1.48 **"Plaintiffs' Past Environmental Claims"** means any claim for costs, including response costs, damages, attorneys and consultant fees, replacement water costs, and costs for remedial investigations, monitoring and litigation incurred by Plaintiffs prior to the Effective Date of this Agreement due to contamination of the Subject Wells or contamination of or threatened releases to groundwater at and in the vicinity of the Site; provided, however, that certain costs associated with Saugus 1 & 2 Treatment System, Replacement Wells and Associated Pipelines, and Distribution Pipelines, incurred prior to February 1, 2007, as set forth in Exhibit E to this Agreement (**"Plaintiffs' Past Design Costs"**) or incurred after January 31, 2007 and included within Project Capital Costs pursuant to Section 1.54, are excluded from Plaintiffs' Past Environmental Claims.

1.49 **"Plaintiffs' Past Design Costs"** means certain costs associated with Saugus 1 & 2 Treatment System, Replacement Wells and Associated Pipelines, and Distribution Pipelines, incurred by Plaintiffs prior to February 1, 2007, as set forth in Exhibit E to this Agreement.

1.50 **"Presently Existing Saugus Production and Alluvial Production Wells"** means the wells identified in Exhibit U, including wells replaced in the normal course of system operations in the immediate vicinity of the respective Presently Existing Saugus Production and Alluvial Wells.

1.51 **"Pro Forma Estimate of Project O&M"** has the meaning as set forth in Section 5.1.1 and is attached hereto as Exhibit D. **"Joint Estimate of Project O & M"** has the meaning as set forth in Section 5.2.1.

1.52 **"Project"** means:

1.52.1 The planning, development, design, permitting, construction, operation and maintenance of a system to be installed at the existing Rio Vista Intake Pump Station site for treatment of (i.e., removal of perchlorate from) water pumped from Saugus 1 and 2, so that the water will be available for potable purposes; any necessary operational modifications at the Saugus 1 and 2 Wells; any necessary "Sentry Wells" (as defined below) and/or monitoring wells, to the extent not paid for by other sources and to the extent consistent with applicable regulatory requirements; associated piping at the pump station; and the pipeline from Saugus 1 to Saugus 2 to the treatment plant, described more fully in Exhibit F hereto (the "Saugus 1 & 2 Treatment System"). The Parties through the monthly technical meetings will determine what Sentry Wells and/or monitoring wells may be required, provided that if the technical committee is unable to reach agreement on the number of or need for such wells, and if additional wells are required by DHS or other regulators, the number of and/or need for such wells will be determined by the Cost Consultant in accordance with Article 7.

1.52.2 The **"Q2 Treatment System"** (as defined below), when it has been relocated and incorporated into the Project pursuant to a Q2 Treatment System Relocation as provided in Section 4.2.1 herein.

1.53 **"Project Modification Notice"** has the meaning set forth in Section 9.1.2.

1.54 **"Project Capital Costs"** means the reasonable and necessary costs associated with the planning, development, design, permitting, construction, installation and/or closure of the Project, including such costs incurred after January 31, 2007, but prior to the Effective Date.

1.55 **"Estimate of Project Capital Costs"** means the estimate of the capital costs for the Project as set forth in Exhibit G.

1.56 **"Project Capital Costs Escrow Account"** means the escrow account into which Defendants shall deposit or cause to be deposited the initial amount of five million dollars ($5,000,000), to be used for the purposes described in Section 1.52 of this Agreement. Additional deposits by Defendants into the Project Capital Costs Escrow, up to a maximum additional amount of five million dollars ($5,000,000), may be required as described in Section 4.4 of this Agreement for the purposes set forth in Section 1.52 of this Agreement. Within thirty (30) days after Bankruptcy Court approval of this Agreement, Whittaker, on behalf of all Defendants shall open the "Project Capital Costs Escrow Account" by signing and delivering to City National Bank or other agreed bank escrow instructions substantially in the form of Exhibit H-1 hereto, and depositing the amount of five million dollars ($5,000,000) into said account as described above.

1.57 **"Project Costs"** means Project Capital Costs and Project O&M Costs, including costs arising from a Project Modification, to the extent provided in this Agreement.

1.58 **"Project Modification"** has the meaning set forth in Article 9.

1.59 **"Project O&M Costs"** means the identifiable reasonable and necessary costs actually incurred in operating and maintaining the Project to perform its intended function of providing containment of perchlorate as defined in Section 9.1 of this Agreement and restoring impacted groundwater production capacity, which shall be estimated in an annual estimate to be prepared

by CLWA and agreed to by Whittaker and AISLIC or confirmed by the Cost Consultant, unless and until all Lump Sum determinations are made pursuant to Sections 5.2.6 and 9.1.7 or the applicable regulatory authorities determine that treatment is no longer necessary. Costs of operations and maintenance of the Project incurred by Plaintiffs, limited to such reasonable and necessary additional costs directly related to the perchlorate contamination, shall include (based upon the Project as currently contemplated):

Saugus 1 and 2 Treatment Plant Operations and Maintenance

- Vendor Resin Service Contract(s) – (Replacement Resin, Labor, Transportation, Disposal, Disposal Certification, Insurance)-to be negotiated with Vendor jointly by Plaintiffs, Defendants, and AISLIC

- Power – Treatment Plant Operations, including the costs to pump water from Saugus 1 and 2 and, if applicable, Q2 (after relocation) through the treatment system, but excluding the power costs to pump water to the ground surface and the power costs to pump treated water into the CLWA's or VWC's water system. These power costs shall be based on an allocation calculated by CLWA and approved by Whittaker and AISLIC, and subject to Cost Consultant determination in the event that agreement cannot be reached.

- Materials/Supplies
  - Disinfection (Ammonia) and acid
  - Filters
  - Miscellaneous

- Spare Parts
  - Treatment Equipment
  - Pumping and Piping Systems at Treatment Plant
  - Miscellaneous

- Plaintiffs' Labor, if not performed by outside contractor – salary plus actual benefit load (but not-to-exceed 42%) imposition above his/her normal salary:
  - District Employee, Operations Monitoring/Sampling
  - District Employee, Treatment Equipment Maintenance
- Expenses
  - Water Testing (Directly Related to 97-005 Compliance or process monitoring at Purveyor's Rate Schedule)
  - DHS and POTW Fees
  - Miscellaneous Directly Related to Treatment System Maintenance
- Outside Consultants
  - Permits/Renewals
  - Services in addition to those of the Plaintiffs' employee(s) required to meet obligations under Section 8.3.1.1, 8.3.2.3, 8.3.2.4, and 8.4.1, to the extent such employee(s) are not able to meet such obligations
  - Reports/Compliance
  - Engineering
  - Modeling (Directly Related to 97-005 Compliance)
  - Legal (Directly Related to 97-005 Compliance and Plant Operations), limited to the services provided by law firm(s) employed by Plaintiffs for such DHS compliance and plant operations matters, and at the rates such firm(s) normally charge for such work.
  - Insurance – (Insurance as provided in Article 11)

- Arbitrator (per Section 13.2) and Cost Consultant Costs and Fees (per Article 7)
- Project O&M Escrow Costs and Fees

Project O&M costs shall also include an annual flat payment of twenty thousand dollars ($20,000) (to be adjusted after five years as necessary to account for inflation) in lieu of the following activities and costs: Plaintiffs' Employee(s) to provide services under Sections 8.3.1.1, 8.3.2.3, 8.3.2.4, and 8.4.1; any wages or salaries related to the perchlorate contamination plus all benefit load imposition above his/her normal salary; any additional costs for such employee(s) associated with the monitoring, reporting and record-keeping activities described in Section 8.3.1.1, 8.3.2.3, and 8.3.2.4 of this Agreement that are related to the perchlorate contamination; and any Plaintiffs' Employee(s) costs incurred by Plaintiffs in connection with the Monthly Technical Meetings described in Section 8.4.1 of this Agreement.

Project O&M Costs shall also include the identifiable reasonable and necessary costs of operating and maintaining the Q2 Treatment System when it is relocated from Well Q2 and incorporated into the Project as provided for in Section 4.2.1, monitoring and laboratory services for necessary Sentry Wells and monitoring wells encompassed within the Project to the extent not paid for by other sources and to the extent consistent with applicable regulatory requirements, and Project Modification O&M costs, including any costs of evaluating containment for purposes of determining whether a Project Modification is appropriate. The costs and approach of evaluating containment shall be discussed and agreed upon by representatives of Plaintiffs, Whittaker and AISLIC at the monthly Technical Meetings, or determined by Cost Consultant. Prior to determination of the Lump Sum pursuant to Section 5.2.6, Project O&M Costs will also include the reasonable and necessary outside fees and costs

incurred by Plaintiffs and Whittaker that are directly related to the perchlorate contamination and to obtaining funding from Public Funding Sources, subject to an annual cap of two hundred thousand dollars ($200,000) on Plaintiffs' outside fees and costs and one hundred thousand dollars ($100,000) on Whittaker's outside fees and costs, subject to such other restrictions as are found in Section 14.2, below. Fees and costs incurred by Plaintiffs or to be incurred by Plaintiffs in the future that are associated with obtaining funding from **"Public Funding Sources"** (as defined below) will not be considered in the determination of the Lump Sum pursuant to Section 5.2.6 and 9.1.7.

1.60 **"Project O&M Escrow Account"** means the escrow account established and funded by Defendants for payment of Project O&M Costs as described in Section 6.4 of this Agreement.

1.61 **"Property Policy"** has the meaning set forth in Section 11.1.1.

1.62 **"Proofs of Claim"** has the meaning set forth in Section 12.1.5.

1.63 **"Public Funding Sources"** has the meaning set forth in Article 15.

1.64 **"Q2 Capital Costs"** means the costs set forth in Exhibit I which were incurred by VWC for the design and installation of the Q2 Treatment System, all of which have been approved and reimbursed by Defendants.

1.65 **"Q2 Escrow Account"** has the meaning set forth in Section 4.1.

1.66 **"Q2 Escrow Account Instructions"** means the Escrow Instructions for the Q2 Capital Costs Escrow Account attached as Exhibit J hereto, as amended as reflected in Exhibits K-1 and K-2.

1.67 **"Q2 O&M Costs"** means the reasonable and necessary costs actually incurred in operating and maintaining the Q2 Treatment System prior to relocation and incorporation into the Project as provided in Section 4.2.1, as set forth in the Estimate of Q2 O&M Costs, and not

to exceed nine thousand and three hundred dollars ($9,300) on average per month for the first 2 years following Commencement of Operations, except in the event of a **"Q2 Resin Exchange,"** (as defined below). Costs of operation and maintenance of the Q2 Treatment System shall include, but not be limited to, equipment rental, service fees, chemicals, monitoring, laboratory services, and resin replacement related to the treatment of perchlorate and flow rates currently permitted by DHS for the Q2 Treatment System.

1.68 **"Estimate of Q2 O&M Costs"** means the approved monthly operations and maintenance estimate for Q2 O&M Costs for the first two years after Commencement of Operations prior to relocation and incorporation into the Project, set forth in Exhibit L.

1.69 **"Q2 Resin Exchange"** means the removal of ion exchange resin which VWC determines is no longer capable of performing its intended function from the ion exchange vessels and replacement with new resin, and includes but is not limited to, transportation of the spent and new resin, and proper destruction of the spent resin in accordance with applicable regulations.

1.70 **"Q2 Semi-Annual O&M Statement"** has the meaning set forth in Section 6.3.2.

1.71 **"Q2 Treatment System"** means the construction, operation and maintenance of a system installed in October 2005 for treatment of (i.e., removal of perchlorate from) water pumped from Valencia's well Q2.

1.72 **"Q2 Treatment System Relocation"** means the relocation of the Q2 Treatment System as described in Section 4.2.1.

1.73 **"Rapid Response Funds"** means the funds, limited to ten million dollars ($10,000,000), available to Plaintiffs for the period of time set forth in Section 11.2.1 of this Agreement, which the Defendants shall cause to be paid to Plaintiffs on a demand basis in accordance with Section

11.2 of this Agreement, as a result of specified perchlorate impacts to "Threatened Wells" (as defined herein).

1.74 **"Related Settlement"** has the meaning set forth in Recital N.

1.75 **"Remedial Action Plan"** means a technical report prepared in accordance with Section 25356.1 of the California Health and Safety Code and which, at a minimum, addresses the remedial investigation, risk assessment, and evaluation of remedial alternatives and proposes a remedial alternative.

1.76 **"Remedy Stoppage"** means a cessation of Project operations under circumstances requiring a Project Modification.

1.77 **"Replacement Wells & Associated Pipelines"** means:

1.77.1 Two new wells capable of producing water at the combined rate of 4200 gpm (**"Replacement Wells"**) and associated pipeline to convey the water pumped from the Replacement Wells to a nearby reservoir and associated disinfection facility (**"Associated Pipelines"**). As currently contemplated, the Replacement Wells will be constructed in the vicinity of Magic Mountain Amusement Park and the Associated Pipelines will consist of approximately 1000 feet of a 12 inch pipeline and 2500 feet of 18 inch pipeline, as described more fully in Exhibit M hereto (the **"Magic Mountain Wells"**);

1.77.2 Potential closure and abandonment of the Stadium Well, in SCWC's reasonable discretion, and NC11, in NCWD's reasonable discretion, described more fully in Exhibit N hereto (the "Well Closures");

1.77.3 Construction of a new alluvial well (the **"Stadium Replacement Well"**), to be located northeast of the Site in an alluvial area where perchlorate is not present in groundwater, and associated pipeline(s), described more fully in Exhibit O hereto.

1.78 **"Replacement Wells/Distribution Pipelines Capital Costs Escrow Account"** means the escrow account into which Defendants shall make an initial deposit of four million seven hundred and fifty thousand dollars ($4,750,000), to be used for the purposes described in Section 4.3 of this Agreement. Additional deposits by Defendants into the Replacement Wells/Distribution Pipelines Capital Costs Escrow Account may be required for Replacement Wells/Distribution Pipelines Capital Cost additional costs as described in Section 4.3 of this Agreement and for the purposes set forth therein. These additional deposit(s) shall be paid as described in Section 4.3.3. Within thirty (30) business days after Bankruptcy Court approval of this Agreement, Whittaker, on behalf of all Defendants, shall open the "Replacement Wells/Distribution Pipelines Capital Costs Escrow Account" by signing and delivering to City National Bank or other agreed bank escrow instructions substantially in the form of Exhibit P hereto, and depositing the amount of $4,750,000 into said account as described above.

1.79 **"Response Costs"** means "response costs" as defined under CERCLA.

1.80 **"RFI"** means Remediation Financial, Inc.

1.81 **"RFI Parties"** means Santa Clarita L.L.C. ("SCLLC") and Remediation Financial, Inc. ("RFI"), collectively.

1.82 **"Saugus Formation"** means the generally deeper (up to 8,500 feet thick) formation of aquifers consisting of semi-consolidated sandstone, siltstone and conglomerate of Pleistocene age and occurs under confined, semi-confined and unconfined conditions.

1.83 **"SCLLC"** means Santa Clarita L.L.C.

1.84 **"SCLLC Property"** has the meaning described in Exhibit A.

1.85 **"SCWC"** means Santa Clarita Water Company.

1.86 **"Sentry Wells"** means groundwater monitoring wells located upgradient of the Subject Wells.

1.87 **"Site"** means the SCLLC Property and the BRLLC Property collectively

1.88 **"Steadfast PLC Policy"** means the Property Transfer Liability Policy Number PLC 3598792-00 issued by Steadfast Insurance Company ("Steadfast") to the Defendants.

1.89 **"Subject Wells"** has the meaning referred to in Recital B of this Agreement.

1.90 The "**SF Escrow 1 Account**" and the "SF Escrow 1" means the "SF Escrow 1" or "SF Escrow 1 Account" as defined in, established, and governed by the Coverage and Claims Settlement Agreement and the "Joint Escrow 1 Agreement and Instructions (Steadfast Escrow 1 Account)" filed in the Bankruptcy Cases on March 31, 2006.

1.91 The "**SF Escrow 2 Account**" means the "SF Escrow 2" or "SF Escrow 2 Account" as defined in, established, and governed by the Coverage and Claims Settlement Agreement and the "Joint Escrow 2 Agreement and Instructions (Steadfast Escrow 2 Account)" filed in the Bankruptcy Cases on March 31, 2006.

1.92 **"Steadfast"** means Steadfast Insurance Company.

1.93 **"SSCH"** means Steadfast Santa Clarita Holdings, LLC.

1.94 **"Estimate of Supplemental Project O&M"** has the meaning set forth in Section 5.2.3.

1.95 **"Third Party Claims"** has the meaning set forth in Section 12.1.1.

1.96 **"Threatened Wells"** has the meaning set forth in Section 11.2.1.

1.97 **"Underlying Action"** has the meaning referred to in Recital C of this Agreement.

1.98 **"V-206 Replacement Well"** means construction and installation of VWC's well V206 and associated pipelines, and permanent closure and abandonment of VWC's well V157 as described in Exhibit Q.

1.99 **"VWC"** means Valencia Water Company.

1.100 **"Whittaker"** means Whittaker Corporation.

1.101 "**Working Day**" means a day other than a Saturday, Sunday, or federal or California state holiday.

ARTICLE 2. COURT APPROVALS AND RELATED SETTLEMENTS

2.1 Final Bankruptcy Court Approval Order and Good Faith Certifications Required

Except for this Section which is effective upon execution of this Agreement by all Parties, this Agreement, including the Parties' promises, obligations, releases, representations and warranties under this Agreement, shall take effect on the later of the date of the Final Approval Order (as defined below) or the date of the "Good Faith Certifications" (as defined below) ("the **Effective Date**") and is absolutely contingent upon the entry of an order of the Bankruptcy Court that approves this Agreement in its entirety without any modifications and contains the Bankruptcy Court Determinations referenced below, and that has become effective and as to which no stay pending appeal has been issued ("**Final Approval Order**") and such order not being subject to any stay.

2.1.1 This Agreement, and the settlement of claims reflected herein, is absolutely contingent upon (i) court certification that such settlement is made in good faith, and (ii) a settlement of, or the dismissal with prejudice of, all of the claims asserted in the Counter-Claims (the "**Related Settlement**") and court certification of the Related Settlement as being made in good faith (collectively, the "**Good Faith Certifications**"). The court's order(s) setting forth the Good Faith Certifications shall at a minimum provide that "any and all claims against the settling Defendants and the settling counter-defendants, arising out of the matters addressed in the Underlying Action or addressed in the Related Settlement, regardless of when asserted or by whom, are barred; such claims are barred regardless of whether they are brought pursuant to

CERCLA, or pursuant to common law or other federal or state laws," or language substantially to the same effect.

2.1.2 This Agreement shall be null and void *ab initio*, and the Parties shall be returned to their respective positions in all aspects, if either (a) the Related Settlement, Good Faith Certifications and Final Approval Order have not all been obtained before October 31, 2007 for any reason; or (b) the Bankruptcy Court denies a motion to approve this Agreement as written or (c) a court denies a motion for good faith certification of either this Agreement, the Related Settlement or both, as written. RFI Parties, at their sole cost and expense, shall prepare and file a motion with the Bankruptcy Court in a form satisfactory to all Parties seeking the Final Approval Order promptly after the Agreement's execution by all Parties. RFI Parties' motion for a Final Approval Order shall include a request that the Bankruptcy Court in its Final Approval Order make the Bankruptcy Court Determinations in accordance with the requirements set forth in Section 2.4 of this Agreement.

2.1.3 All other Parties shall support the entry of the Final Approval Order and shall cooperate with RFI Parties in presenting the motion seeking approval. The Parties shall cooperate in preparing and filing motions with the District Court seeking the Good Faith Certifications. To the extent required under CERCLA or applicable federal law, the Parties agree to cooperate in obtaining approval of a United States District Court having appropriate jurisdiction (the "**District Court**") as necessary to ensure enforceability of the terms and intent of this Agreement (including but not limited to asking the Bankruptcy Court to certify its findings and/or conclusions regarding certain issues to such District Court).

2.2 Plaintiffs' Reservation of Rights Against Buyer

Plaintiffs specifically reserve all rights against Buyer with regard to Buyer's compliance with all environmental laws and performance of any applicable remediation obligations, subject only to the terms of Section 12.1 hereof.

2.3 Plan Filed by Debtors

If a Final Approval Order is entered by the Bankruptcy Court in the Bankruptcy Cases, then any plan filed by the Debtors in the Bankruptcy Cases ("**Plan**") shall not be materially inconsistent with the terms of this Agreement and the Final Approval Order.

2.4 Final Approval Order Provisions

Debtors and all other Parties hereto acknowledge and agree, and the Final Approval Order shall provide that (a) funds in SF Escrow 1 Account were, pursuant to the Coverage Order, already earmarked for the purposes of satisfying Defendants' obligations pursuant to this Agreement; (b) the requirement that the funds in SF Escrow 1 Account be used exclusively for the purposes for which they are agreed to be used pursuant to the Coverage and Claims Settlement Agreement as modified by the Coverage Order (which are consistent with the purposes for which those funds are to be used pursuant to this Agreement) is res judicata in the Debtors' Bankruptcy Cases; (c) payment of obligations under this Agreement, upon entry of the Final Approval Order, constitutes the permitted use of SF Escrow 1 funds to "fund settlement or a stipulated judgment pursuant to a settlement in the CLWA Case" that meets all of the "Approved CLWA Settlement Parameters" as provided in paragraph IV.F.5.a.(i) of the Coverage and Claims Settlement Agreement as modified by the Coverage Order and as described in Exhibit 16 thereto and such payments pursuant to this Agreement shall constitute, and shall be deemed to be consistent with the requirements for the administration of the SF Escrow 1 funds

by AISLIC pursuant to Section IV.F.5.d. of the Coverage and Claims Settlement Agreement as modified by the Coverage Order; (d) any payment or transfers of funds to or for the benefit of Plaintiffs from SF Escrow 1 Account that are consistent with this Agreement are free and clear of all other adverse claims, rights, title, interest, liens or encumbrances of any kind whatsoever that could be asserted against any property or interest of the Debtors; and (e) the Agreement is a complex agreement resolving numerous disputes and pending legal proceedings among numerous parties and that following the Effective Date, it will be practically and legally impossible to unwind this Agreement or restore the parties to their status quo based upon any reversal or modification on appeal or rehearing or other review; (f) upon entry of the Final Approval Order, the Defendants' payment obligations under this Agreement including any sum awarded pursuant to arbitration hereunder, may be made from the SF Escrow 1 Account; and (g) either i) the terms of the Agreement and Related Settlement are fully consistent with the terms of the SunCal Purchase and Sale Agreement and Joint Escrow Instructions dated July 6, 2006, or ii) that the Buyer consents to the Agreement and the Related Settlement to the extent there is any inconsistency. (Subparagraphs (a) through (g) above required to be included in the Final Approval Order are referred to herein as the "Bankruptcy Court Determinations.") The Final Approval Order shall also provide that the Order applies to any successor Administrator of the "SF Escrow 1" in the "Coverage and Claims Settlement Agreement."

2.5 Plaintiffs' Recourse Against Debtors

Plaintiffs' recourse to (i) enforce all of Debtors' obligations under this Agreement and (ii) for any and all actions, causes of action, claims, demands, liabilities, damages, penalties, debts, losses, costs, expenses and fees (including, without limitation, litigation costs and attorney and consultant fees) of every kind and nature whatsoever, past or future, in law and in equity against

the Debtors and BRLLC arising from or in any way related to releases or threatened releases, or other environmental conditions, past or future, at or around the Site is expressly and completely limited to Debtors' rights to use, and title and interest in, the SF Escrow 1 Account established pursuant to the Coverage and Claims Settlement Agreement and the "Joint Escrow 1 Agreement and Instructions (Steadfast Escrow 1 Account)". Plaintiffs' rights against Debtors are not waived in the Bankruptcy Cases to the extent of Debtors' rights, title and interest in the SF Escrow 1 Account.

ARTICLE 3. PAYMENTS DIRECTLY TO PLAINTIFFS

3.1 Payment for Plaintiffs' Past Environmental Claims

Within thirty (30) Days after the Effective Date, Defendants shall pay the amount of ten million dollars ($10,000,000) by payment of the amount of two million five hundred thousand dollars ($2,500,000) to each of the four Plaintiffs. The obligation to make such payments shall be joint and several, subject to Section 2.5. This payment is in full and complete satisfaction and resolution of Plaintiffs' Past Environmental Claims.

3.2 Payment for Plaintiffs' Past Design Costs

Within thirty (30) Days after the Effective Date, Defendants shall pay the amount of one million seven hundred fifty three thousand one hundred fourteen dollars and fifty-eight cents ($1,753,114.58) to CLWA. The obligation to make such payment shall be joint and several, subject to Section 2.5. This payment is in full and complete satisfaction and resolution of Plaintiffs' Past Design Costs, as set forth in Exhibit E to this Agreement.

3.3 Payment to VWC

Within thirty (30) Days after the Effective Date, Defendants shall pay to VWC one million dollars ($1,000,000). The obligation to make such payment shall be joint and several, subject to Section 2.5. This payment is in full and complete satisfaction and resolution of

Plaintiffs' claims in the Underlying Action for V-206 Replacement Well, including, but not limited to, construction and installation of VWC's well V206 and associated pipelines, and permanent closure and abandonment of VWC's well V157, as described in Exhibit Q.

ARTICLE 4. FUNDING OF Q2 COSTS, REPLACEMENT WELL/DISTRIBUTION PIPELINE CAPITAL COSTS AND PROJECT CAPITAL COSTS

4.1 Funding of Q2 Capital Costs and Q2 O&M Costs

Plaintiffs acknowledge that Defendants previously have caused to be deposited into the **"Q2 Escrow Account"** five hundred thousand dollars ($500,000) for reasonable and necessary and approved Q2 Capital Costs. This payment is in full and complete satisfaction and resolution of Plaintiffs' claims for the capital costs associated with the Q2 Treatment System. Plaintiffs acknowledge that Defendants previously have caused to be deposited into the "Q2 Escrow Account" two hundred twenty three thousand and two hundred ten dollars ($223,210) for certain reasonable and necessary and approved Q2 O&M Costs. This payment is in partial satisfaction and resolution of Plaintiffs' claims for the operations and maintenance costs associated with the Q2 Treatment System. Construction of the Q2 Treatment System has been completed and all Q2 Capital Costs associated with the Q2 Treatment System have been approved and paid by or on behalf of Defendants as of the Effective Date.

A copy of the Q2 Escrow Account Instructions is attached hereto as Exhibit J and incorporated herein by this reference. Copies of Amendments No. 1 and No. 2 to the Q2 Escrow Account Instructions are attached hereto as Exhibit K-1 and Exhibit K-2, respectively and incorporated herein by this reference. Any amounts, including interest, remaining in the Q2 Escrow Account as of the Effective Date shall be used by Plaintiffs for Q2 O&M Costs, and credited against Defendants' obligations for funding Q2 O&M Costs as set forth in Section 4.1.1 below.

4.1.1 The Q2 Treatment System commenced operations on October 12, 2005 ("Q2 Commencement Date"), and VWC has been incurring Q2 O&M Costs for the Q2 Treatment System since that date.

4.1.1.1 During the period prior to October 12, 2007, VWC's withdrawal of funds for Q2 O&M Costs shall not exceed nine thousand and three hundred dollars ($9300) on average per month except in the event of a Q2 Resin Exchange and except for reimbursement of any Q2 O&M Costs that have been incurred prior to the Effective Date and not previously paid out of the Q2 Escrow Account.

4.1.1.2 In the event Commencement of Operation of the Project has not occurred as of October 12, 2007, and the Q2 Treatment System must still be operated pursuant to applicable regulatory requirements, Defendants shall pay or cause to be paid an additional deposit of one hundred eleven thousand and six hundred dollars ($111,600) on or before October 12, 2007, to be used for Q2 O&M Costs. In the event Commencement of Operation of the Project has not occurred as of October 12, 2007, and the Q2 Treatment System must still be operated pursuant to applicable regulatory requirements, Defendants shall pay or cause to be paid additional reasonable and necessary Q2 O&M Costs until the Q2 Treatment System is relocated as provided in Section 4.2.1. After October 12, 2007, VWC may withdraw funds on a monthly basis as is reasonably necessary.

4.1.1.3 Defendants shall pay or cause to be paid into the existing Q2 Escrow Account an additional amount of one hundred sixty seven thousand and five hundred dollars ($167,500), or such other amount as may be agreed by the Defendants or determined by the Cost Consultant in accordance with Article 7, in the event a determination is made by VWC in accordance with its operating permit and upon agreement by Whittaker and AISLIC, that

replacement of the treatment resins used in the Q2 Treatment System is necessary. Such deposit shall be made within 10 days after VWC's written notice of determination and request for funding has been delivered to Defendants. Any dispute regarding such determination by VWC shall be resolved by the Cost Consultant in accordance with Article 7.

4.1.2 Defendants' obligations hereunder for deposits required to be made into the Q2 Escrow Account shall be on a joint and several basis subject to Section 2.5.

4.1.3 Any amounts, including interest, remaining in the Q2 Escrow Account upon Q2 Treatment System Relocation to the location of the Project shall be refunded into the SF Escrow 1 Account (as defined in the Coverage and Claims Settlement Agreement.).

4.1.4 Payments from the Q2 Escrow Account shall be made on a monthly basis in accordance with the procedures set forth in Article 6 and the applicable Q2 Escrow Account instructions.

4.1.5 Defendants and AISLIC shall not be entitled to withdraw any funds from the Q2 Escrow Account or to direct or control the payment of such funds, and shall have no rights with respect to such funds, except as provided in this Agreement.

4.1.6 Payments for Q2 O&M Costs shall continue until the date that VWC and CLWA are required to relocate and integrate the Q2 Treatment System into the Project pursuant to Section 4.2.1 or until treatment of Well Q2 is no longer required by DHS, whichever occurs first. The Q2 Escrow Account shall terminate following written notification from Plaintiffs that the Q2 Treatment System has been integrated into the Project or written notification from Plaintiffs or Cost Consultant or arbitrator determination that treatment of Well Q2 is no longer required by DHS, provided that payment has been made for all Q2 Capital Costs and Q2 O&M

Costs permitted to paid from the Q2 Escrow Account in accordance with the procedures set forth in this Agreement.

4.2 Termination of the Q2 Treatment System Operations

4.2.1 VWC shall undertake to terminate operation of the Q2 Treatment System as soon as reasonably feasible, in accordance with requirements of the California Department of Health Services (DHS). In connection with the construction of the Project, Plaintiffs shall incorporate the Q2 Well and the Q2 Treatment System into the Project, notwithstanding any prior determination that the treatment at Q2 Well is no longer required, so as to enable the Saugus 1&2 Treatment System to treat Q2 water in case the Q2 Well subsequently becomes recontaminated. In connection with the construction of the Project, VWC and CLWA shall incorporate the Q2 Well and the Q2 Treatment System into the operation of the Project not later than (i) two (2) years after the Q2 Commencement Date or (ii) the Commencement of Operations of the Project, whichever is later. Upon relocating operation of the Q2 Treatment System, VWC and CLWA shall transfer the treatment vessels used as part of the Q2 Treatment System to the location of the Project and incorporate the use of those vessels into that system. Upon terminating or relocating operation of the Q2 Treatment System, VWC and CLWA shall transfer the remaining resin used as part of the Q2 Treatment System to the location of the Project and incorporate the unused resin into that system.

4.2.2 The obligation to pay Q2 O&M Costs for the Q2 Treatment System pursuant to Section 4.1.1 of this Agreement shall cease either (i) upon written notification from Plaintiffs or Cost Consultant or arbitrator determination that treatment of Well Q2 is no longer required by DHS; or (ii) upon written notification from Plaintiffs that the Q2 Treatment System has been integrated with the Project and that the Q2 O&M Costs will be included in the Project

O&M Costs and handled in accordance with Article 5, which notice shall not occur later than (i) two (2) years after the Q2 Commencement Date or (ii) the Commencement of Operations of the Project, whichever occurs later. If, after a determination that treatment at well Q2 is no longer required, well Q2 becomes re-contaminated so as to require treatment, said treatment will be handled by means of the Project, and the costs thereof shall be Project O&M Costs.

4.2.3 Any dispute as to whether treatment of water pumped from Q2 can be discontinued or should be recommenced shall be resolved through binding Cost Consultant arbitration, as provided in Article 7 of this Agreement, provided that the arbitration decision must be consistent with the requirements of all regulatory agencies with jurisdiction regarding perchlorate.

4.3 Replacement Wells/Distribution Pipeline Capital Costs Escrow Account

Defendants shall be jointly and severally obligated subject to Section 2.5 to pay for their proportional share of the capital costs associated with the installation of new Distribution Pipelines and Replacement Wells & Associated Pipelines pursuant to this Section 4.3. CLWA, on behalf of all Plaintiffs, and Whittaker, on behalf of all Defendants, concurrently with execution of this Agreement, shall execute and, thereafter, promptly deliver to City National Bank or other agreed bank instructions for an escrow (the "**Replacement Wells/Distribution Pipeline Capital Costs Escrow Account**") substantially in the form of Exhibit P hereto. Within thirty (30) Days after the Effective Date, Defendants shall make an initial deposit into the Replacement Wells/Distribution Pipeline Capital Costs Escrow Account of four million seven hundred and fifty thousand dollars ($4,750,000) to be used for Distribution Pipelines, and Replacement Wells & Associated Pipelines. The Replacement Wells & Associated Pipelines will provide new Saugus Formation production capacity to replace lost well capacity not

provided by the Project or V-206. The Distribution Pipelines will be connected to various turnouts within the Plaintiffs' system.

4.3.1 The Defendants' initial proportional share of the capital costs associated with the Distribution Pipelines and the Replacement Wells & Associated Pipelines will be based on the Percentage Cost Allocation for Distribution Pipelines and Replacement Wells & Associated Pipelines set forth in Exhibit R and the bid items submitted by the bidder selected through a competitive bidding process in accordance with CLWA bid procedures and applicable law. Whittaker's and AISLIC's technical representatives shall be provided reasonable opportunity to advise and consult on design, engineering, location of well replacement and other technical aspects of the contractor selection and construction process. For bid items that do not have specific cost allocations, the weighted cost allocation of the other bid items shall be applied. During construction, the Plaintiffs and Defendants shall provide the funds necessary to pay the selected contractors in the proportion provided for by the determination of the initial proportional share. Upon completion and Plaintiffs' acceptance of the construction, a true-up of the cost allocation shall be performed. To the extent feasible, the true-up shall apply the cost allocation of Distribution Pipelines and Replacement Wells presented in Exhibit R to the actual costs of the Distribution Pipelines and Replacement Wells, including approved change orders.

4.3.2 The Parties acknowledge that construction of the Replacement Wells and Associated Pipelines, except the drilling of the Replacement Wells, will be deferred until the construction of the extension of Magic Mountain Parkway is initiated.

4.3.3 In the event Defendants' proportional share of capital costs associated with Distribution Pipelines and Replacement Wells & Associated Pipelines exceeds four million and seven hundred fifty thousand dollars ($4,750,000), including all costs of redrilling

Replacement Wells that are not capable of producing water at the required rate, Defendants shall be obligated, on a joint and several basis subject to Section 2.5, to deposit in the Replacement Wells/Distribution Pipeline Capital Costs Escrow Account additional funds sufficient to cover such excess, as reasonably determined by Plaintiffs, subject to approval by Whittaker and AISLIC or determination by the Cost Consultant. Such deposits shall be made by Defendants in a timely manner. The Estimate of Replacement Wells/Distribution Pipeline Capital Costs attached hereto as Exhibit S reflects that Defendants' proportional share of the Replacement Wells/Distribution Pipeline Capital Costs exceeds $4,750,000. However, in the event that cost savings are achieved such that Defendants' proportional share of capital costs associated with Distribution Pipelines and Replacement Wells & Associated Pipelines is less than the amounts deposited by Defendants into the Replacement Wells/Distribution Pipeline Capital Costs Escrow Account, any amounts remaining in the Replacement Wells/Distribution Pipeline Capital Costs Escrow Account shall be refunded into the SF Escrow 1 Account (as defined in the Coverage and Claims Settlement Agreement).

4.3.4 Any dispute regarding the reasonableness, timing or necessity of Replacement Wells/Distribution Pipeline Capital Costs, the selection of the lowest responsive and responsible bid in the competitive bidding process, or the Defendants' appropriate proportional share shall be resolved through Cost Consultant arbitration in accordance with Article 7.

4.4 Project Capital Costs Escrow Account

CLWA, on behalf of all Plaintiffs, and Whittaker, on behalf of all Defendants, concurrently with execution of this Agreement, shall execute and, thereafter, promptly deliver to City National Bank or other agreed bank instructions for an escrow (the **"Project Capital Costs**

Escrow Account") substantially in the form of Exhibit H-1 hereto. Within thirty (30) Days after the Effective Date, Defendants shall, jointly and severally, be obligated to make a deposit into the Project Capital Costs Escrow Account of five million dollars ($5,000,000) (**"Initial Project Capital Costs Deposit"**) to pay Project Capital Costs.

4.4.1 In the event Project Capital Costs exceed the amount of the Initial Project Capital Costs Deposit, Defendants shall deposit in the Project Capital Costs Escrow Account additional funds sufficient to cover such excess, as determined by Plaintiffs, subject to AISLIC and Whittaker approval or determination by the Cost Consultant; but such total additional funds shall not exceed five million dollars ($5,000,000). Defendants shall deposit the additional funds in a timely manner after approval by AISLIC and Whittaker or by the Cost Consultant. The Estimate of Project Capital Costs attached hereto as Exhibit G reflects that Project Capital Costs are projected to exceed five million ($5,000,000). However, in the event that cost savings are achieved such that Project Capital Costs are less than the amounts deposited by Defendants into the Project Capital Costs Escrow Account, any amounts remaining in the Project Capital Costs Escrow Account shall be refunded into the SF Escrow 1 Account (as defined in the Coverage and Claims Settlement Agreement.).

4.4.2 Any dispute regarding the reasonableness, timing or necessity of Project Capital Costs shall be resolved through arbitration in accordance with Article 7.

ARTICLE 5. PAYMENT OF PROJECT O&M COSTS

5.1 Project O&M Escrow Account

5.1.1 Defendants shall be jointly and severally obligated subject to Section 2.5 to pay Project O&M Costs in accordance with the terms of this Agreement. The "*pro forma*" Estimate of Project O&M (**"Pro Forma Estimate of Project O&M"**) as of the date of execution of this Agreement is attached hereto as Exhibit D.

5.1.2 CLWA, on behalf of all Plaintiffs, and Whittaker, on behalf of all Defendants, and AISLIC shall, within thirty (30) days after Whittaker and AISLIC's receipt of Plaintiffs' written notice of anticipated commencement of Project operations execute and thereafter, promptly deliver to City National Bank or other agreed bank instructions for an escrow for funds to be used for payment of Project O&M Costs substantially in the form of Exhibit H-2 hereto.

5.1.3 Payments from the Project O&M Escrow Account shall be made on a monthly basis in accordance with the procedures set forth in this Article 5, Article 6, and the applicable escrow instructions, which instructions are subject to approval by Plaintiffs, Whittaker, and AISLIC and shall be consistent with the terms of this Agreement.

5.1.4 Upon termination of the Project O&M Escrow Account in accordance with this Agreement, any balance in that account shall be refunded into the SF Escrow 1 Account. The Project O&M Escrow Account shall terminate upon termination of this Agreement or earlier payment of all Lump Sum awards, provided that payment has been made for all Project O&M Costs in accordance with the procedures set forth in this Agreement.

5.2 Project O&M Costs

5.2.1 Defendants shall fund Project O&M Costs by depositing annually in the Project O&M Escrow Account the annual O&M amounts reasonably estimated by CLWA and modified as reasonably estimated by Defendants and AISLIC, or modified as determined by the Cost Consultant, and reflected in the Joint Estimate of Project O&M jointly prepared by the Parties (which may include determinations of the Cost Consultant). The first annual deposit (**"Initial Project O&M Deposit"**) shall be due thirty (30) days after Whittaker's, and AISLIC's receipt of Plaintiffs' written notice of anticipated commencement of Project operations and a

Joint Estimate of Project O&M has been agreed between the Parties or determined by the Cost Consultant for the first year of operations. The initial "Joint Estimate of Project O&M" shall be based upon the Pro Forma Estimate of Project O&M attached as Exhibit D hereto, as modified by CLWA and approved by Defendants and AISLIC or determined by the Cost Consultant. ("**Joint Estimate of Project O&M**") Defendants will reasonably consider and respond to CLWA's proposed modifications to the attached Pro Forma Estimate of Project O&M as provided in this Article 5. The Parties will meet and confer concerning any disputes in preparing the initial Joint Estimate of Project O&M . Subsequent annual O&M deposits (each an "**Annual Project O&M Deposit**") in the amount of the Joint Estimate of Project O&M for the upcoming year (each a "Joint Estimate of Project O&M") as agreed between the Parties or determined by the Cost Consultant, shall be due on or before the anniversary of the Initial Project O&M Deposit. CLWA will provide Whittaker, AISLIC, and Steadfast with a copy of each of Plaintiffs' proposed Joint Estimate of Annual Project O&M at least seventy-five (75) days prior to the anniversary date of the prior year's Annual Project O&M Deposit.

5.2.2 In the event of Defendants' or AISLIC's objection to any item included or excluded on any of the Plaintiffs' proposed Joint Estimates of Project O&M, Defendants or AISLIC shall notify Plaintiffs of their objection in writing within thirty (30) days after receipt of the proposed estimate, stating the reasons for its objection, and the Parties shall exercise their best efforts to resolve the disputed item(s). In the event that the disputed item is not resolved within fifteen (15) days after Defendants' or AISLIC's notice of objection, the disputed item(s) shall be submitted to the Cost Consultant, for expedited resolution in accordance with Article 7, below. Following meet and confer and any determinations of the Cost Consultant, the Parties

shall jointly prepare the Joint Estimate of Project O&M as agreed among the Parties or determined by the Cost Consultant.

5.2.3 In the event that CLWA determines it will be necessary to supplement the Project O&M Escrow Account in any given year to pay for Project O&M Costs, CLWA shall notify Defendants, AISLIC and Steadfast of its determination and provide an itemized statement, using the same format as the then-current Joint Estimate of Project O&M, of the amount of the supplemental funding **("Estimate of Supplemental Project O&M")** required to cover the additional Project O&M Costs. In the event of Defendants' or AISLIC's objection to any item included in the Plaintiffs' proposed Estimate of Supplemental Project O&M, Defendants or AISLIC shall notify Plaintiffs of their objection in writing within fifteen (15) days after receipt of the proposed Estimate of Supplemental Project O&M, stating the reasons for its objection, and the Parties shall exercise their best efforts to resolve the disputed item(s). In the event that the disputed item is not resolved within fifteen (15) days after Defendants' or AISLIC's notice of objection, the disputed item(s) shall be submitted to the Cost Consultant for expedited resolution in accordance with Article 7. Defendants shall deposit into the Project O&M Escrow Account the amount of the Estimate of Supplemental Project O&M within ten (10) days after determination of the amount of the Estimate of Supplemental Project O&M by agreement of the Parties or determination of the Cost Consultant.

5.2.4 Subject to the provisions of Section 9.1.7 below, the obligation to pay Project O&M Costs pursuant to this Article 5 shall cease the earlier of (i) the California Department of Health Services (DHS), and any other agency that has asserted jurisdiction and whose agreement is required, agrees that treatment of water pumped from Saugus 1 & 2 can be discontinued; or (ii) thirty (30) years after Commencement of Operations of the Project.

5.2.5 Any dispute regarding the reasonableness, applicability or necessity of Project O&M Costs, except for the issue of whether treatment of water pumped from Saugus 1 & 2 can be discontinued, shall be resolved through binding arbitration, as provided in Article 7 of this Agreement, provided that the arbitration decision must be consistent with the requirements of all regulatory agencies with jurisdiction, and prior to determination of the Lump Sum as described in Section 5.2.6. Any dispute regarding whether treatment of water pumped from Saugus 1 & 2 can be discontinued, shall be resolved through binding arbitration, as provided in Sections 13.1 and 13.2 of this Agreement (unless all Parties agree that the issue may be resolved as provided in Article 7 of this Agreement), provided that the arbitration decision must be consistent with the requirements of all regulatory agencies with jurisdiction, and prior to determination of the Lump Sum as described in Section 5.2.6.

5.2.6 Subject to the provisions of Section 9.1.7 below, beginning five years after Commencement of Operations of the Project (which time period will be tolled during any period in excess of one week of Remedy Stoppage), CLWA, Whittaker, or AISLIC may demand binding arbitration, as provided in Article 13 of this Agreement, for purposes of obtaining a determination of a lump sum for payment in lieu of the Project O&M Costs that would otherwise be due and payable during the remainder of the up-to thirty-year period (the "Lump Sum") based on the following criteria:

5.2.6.1 The Lump Sum will be calculated on a net present value basis using appropriate assumptions and techniques, including consideration of risk, activities and costs anticipated to occur after payment of the Lump Sum, and any other factors introduced by the Parties at arbitration and determined to be relevant by the arbitrator, but the Lump Sum shall be calculated on the assumption that the Defendants' obligation to pay for the Project O&M shall

cease not later than thirty years after Commencement of Operations of the Project, except as provided in Section 9.1.7. The Lump Sum determination shall also be based, in part, on consideration of the actual Project O&M Costs experienced prior to arbitration, but excluding any such Project O&M Costs as may have been associated with start-up of the system or otherwise not indicative of future Project O&M Costs. The Lump Sum amount will not include any capital costs, including but not limited to, capital costs of Project Modifications implemented pursuant to Article 9 of this Agreement or any projected or potential capital costs for Project Modifications which become or may become necessary after the first three years following Commencement of Operations of the Project (which time period will be tolled during any period in excess of one week of Remedy Stoppage). The Lump Sum amount will not include any lobbying costs or legal fees or costs associated with obtaining funding from Public Funding Sources. With respect to the activities and costs subject to the annual flat fee payment of twenty thousand dollars ($20,000), described in Section 1.59, the Lump Sum will be calculated based on an assumption that the $20,000 annual flat fee will be escalated based on CPI. For purposes of this Agreement, CPI means the Consumer Price Index for All Urban Consumers (CPI-U) in the Los Angeles-Riverside-Orange County Consolidated Metropolitan Statistical Area, All Items, as published by the United States Department of Labor, Bureau of Labor Statistics, for which the base year is 1982-84 = 100, or if such publication ceases to be in existence, a comparable index agreed by the Parties.

5.2.7 In the event a Lump Sum determination is made in accordance with Section 5.2.6, the amount of the Lump Sum shall be paid by Defendants, jointly and severally, and subject to Section 2.5, to Plaintiffs within thirty (30) Working Days after the arbitrator's decision is issued and any petition filed prior to that time to vacate or correct the arbitrator's

decision, pursuant to Cal. Code of Civil Procedure Section 1286.2 (Grounds for Vacation of Award) or Section 1286.6 (Grounds for Correction of Award), is finally adjudicated. Plaintiffs agree to use the Lump Sum amount solely for Project O&M Costs until such Lump Sum amount is exhausted, or until Plaintiffs' obligation to operate the Project, as set forth in Section 8.3.1, ceases.

ARTICLE 6. PAYMENTS FROM THE ESCROW ACCOUNTS

6.1 General

6.1.1 Payments from the Q2 Escrow Account, the Replacement Wells/Distribution Pipeline Capital Costs Escrow Account, the Project Capital Costs Escrow Account, and the Project O&M Escrow Account (the "**Escrow Accounts**") shall be made in accordance with the procedures set forth in this Section and each Escrow Account's instructions, which instructions shall be jointly approved by Plaintiffs, Whittaker, and AISLIC, and shall be consistent with the terms of this Agreement. The Parties acknowledge and agree that funding of the Escrow Accounts is based on the cost estimates contained in the Exhibits to this Agreement, which estimates were prepared by Plaintiffs' consultants and reviewed but not independently verified by Defendants' and AISLIC's consultants, and that the actual costs and expenses incurred will control all corresponding future payments from the Escrow Accounts. The Parties acknowledge and agree that payments from the Escrow Accounts are to be made solely for reasonable and necessary costs and expenses actually incurred and not paid or reimbursed by other sources, even if less than the sums set forth in any estimate. The Parties shall cooperate in minimizing all costs incurred and paid pursuant to this Agreement. The Parties acknowledge and agree that payments from the Escrow Accounts are to be made only for reasonable capital or operations and maintenance costs for the Project, the Replacement Wells and Associated

Pipelines, Q2 Treatment System, and Distribution Pipelines pursuant to this Agreement, and only to the extent such costs are necessary.

6.1.2 Except as provided in this Agreement, Defendants and AISLIC shall not be entitled to withdraw any funds from the Escrow Accounts or to direct or control the payment of such funds, and shall have no rights with respect to such funds, other than approval rights expressly provided in this Agreement. Reporting and payment of taxes owed on income earned with respect to the escrows shall be the responsibility of Plaintiffs.

6.1.3 Upon termination of the Escrow Accounts in accordance with this Agreement, any balance in the Escrow Accounts shall be refunded to the SF Escrow 1 Account. The Q2 Escrow Account shall terminate as set forth in Section 4.1.6. The Project Capital Costs Escrow Account shall terminate upon completion of the construction of the Project, provided that payment has been made for all Project Capital Costs in accordance with the procedures set forth in this Agreement. The Project O&M Costs Escrow Account shall terminate as set forth in Section 5.1.4. The Replacement Wells/Distribution Pipelines Escrow Account shall terminate upon completion of the construction of the Replacement Wells & Associated Pipelines and Distribution Pipelines, provided that payment has been made for all Replacement Wells & Associated Pipelines and Distribution Pipelines in accordance with the procedures set forth in this Agreement. The term "completion" as used in this Section 6.1.3 shall mean satisfactory completion of construction, startup and testing, and formal acceptance by the applicable Plaintiff.

6.2 Payment of Capital Costs

6.2.1 Costs incurred for activities and within the aggregate approved amounts set forth in Exhibit G, with respect to the Project, and Exhibit S, with respect to the Replacement Wells/Distribution Pipelines, following resolution of disputed costs pursuant to Article 7, shall

constitute **"Approved Capital Costs."** Costs incurred for activities or items that are not contained in Exhibits G and S for the applicable Escrow Account, or are in excess of the aggregate amount set forth therein, shall be subject to the approval of Whittaker and AISLIC or confirmation by the Cost Consultant in accordance with Article 7, below, and upon such approval or confirmation, such costs shall also constitute "Approved Capital Costs".

6.2.2 Plaintiffs shall prepare (1) a monthly statement setting forth capital costs incurred by Plaintiffs for the prior period for the Project (the "**Project Monthly Capital Costs Statement**") and paid by Plaintiffs from the Project Capital Costs Escrow Account, (2) a monthly statement setting forth capital costs incurred by Plaintiffs for the prior period for the Replacement Wells/Distribution Pipeline Capital Costs Escrow Account (the "**Replacement Wells/Distribution Pipeline Capital Costs Statement**") and paid by Plaintiffs from the Replacement Wells/Distribution Pipeline Capital Costs Escrow Account, in each case accompanied by copies of relevant underlying invoices and other supporting documentation for such costs. Copies of the Project Monthly Capital Costs Statement, the Replacement Wells/Distribution Pipeline Capital Costs Statement (together, the **"Monthly Capital Costs Statements"**) shall be provided to Whittaker, AISLIC and Steadfast for review at least ten (10) days prior to each monthly Technical Meeting described in Section 8.4, below, and the Parties shall exercise their best efforts to resolve any disputes concerning the invoices included in the Monthly Capital Costs Statements at or prior to the Technical Meeting.

6.2.3 In the event of a dispute concerning items on any invoice, if such dispute is not resolved at or prior to the Technical Meeting, Whittaker or AISLIC shall provide Plaintiffs with written notice of the reason it disputes the invoice within ten (10) days after the Technical Meeting, and the disputed item(s) shall be resolved by the Cost Consultant in accordance with

Article 7, below. Notwithstanding any pending dispute regarding Whittaker or AISLIC's disapproval of an invoice for payment, Plaintiffs may withdraw funds on a monthly basis from the Escrow Accounts to pay for Project Capital Costs, and Replacement Wells/Distribution Pipelines Capital Costs, subject to the provisions of Article 7 of this Agreement, and to pay Escrow Agent's fees, and any fees incurred for the Cost Consultant in accordance with Article 7 below or for arbitrator's fees in accordance with Article 13, Section 13.2 below. Any appropriate adjustment resulting from the determination of the Cost Consultant shall be reconciled in the following Monthly Capital Costs Statement.

6.2.4 Plaintiffs shall provide the tax identification number required to open any Escrow and shall be responsible for fulfilling tax payment, reporting and filing requirements. Interest that accrues on the balances in the Escrow Accounts shall be retained in those Accounts and available for use by Plaintiffs pursuant to the respective agreed uses of each Account until Termination, and credited against Defendants' funding obligations as to the applicable Account.

6.3 Payment of Q2 O&M Costs

6.3.1 Costs incurred for activities and within the approved Q2 Monthly O&M Costs amount shall constitute **"Approved Q2 O&M Costs."**

6.3.2 VWC shall, within ten (10) Working Days after the end of each semi-annual period after Commencement of Operations for the Q2 Treatment System, deliver to Whittaker and AISLIC a statement of invoices for Q2 O&M Costs incurred by VWC during the preceding semi-annual period (**"Q2 Semi-Annual O&M Statement"**), accompanied by copies of all of the underlying invoices and other supporting documentation. Copies of the Q2 Semi-Annual O&M Statements shall be provided to Whittaker, AISLIC and Steadfast for review at least twenty (20) days prior to the Technical Meeting following the end of each semi-annual

period. Plaintiffs, Whittaker and AISLIC shall exercise their best efforts to resolve any disputes concerning the invoices included in the Q2 Semi-Annual O&M Statement at or prior to the Technical Meeting; provided, however, that Approved O&M Costs shall not be subject to review or approval.

6.3.3 In the event of a dispute concerning items other than Approved O&M Costs on any invoice, if such dispute is not resolved at or prior to the Technical Meeting, Whittaker or AISLIC shall provide Plaintiffs with written notice of the reason it disputes the invoice within ten (10) days after the Technical Meeting, and the disputed item(s) shall be resolved by the Cost Consultant in accordance with Article 7, below.

6.3.4 Notwithstanding any pending dispute regarding Whittaker's or AISLIC's disapproval of an invoice for payment, Plaintiffs may withdraw funds on a monthly basis from the Q2 Escrow Account to pay Q2 O&M Costs for the Q2 Treatment System, subject to the provisions of Article 7 of this Agreement, and to pay Escrow Agent's fees, and any fees incurred by Plaintiffs for the Cost Consultant in accordance with Article 7, below, or for arbitrator's fees in accordance with Article 13, Section 13.2 below. Any appropriate adjustment resulting from the determination of the Cost Consultant shall be reconciled in the following Q2 Semi-Annual O&M Statement.

6.3.5 Upon request, Plaintiffs shall additionally provide to SCLLC and RFI, or Buyer if the sale has closed, the statement of invoices with copies of the underlying invoices and supporting documentation.

6.4 Payment of Project O&M Costs

6.4.1 Costs incurred for Project O&M activities and within the aggregate amount set forth in the applicable Joint Estimate of Annual Project O&M or Estimate of

Supplemental Project O&M following resolution of any disputed items pursuant to Article 7, shall constitute "**Approved O&M Costs**." Costs incurred for activities or items that are not Approved O&M Costs or are in excess of the aggregate amount set forth in the applicable Joint Estimate of Annual Project O&M or Estimate of Supplemental Project O&M shall be subject to the approval of Whittaker and AISLIC or confirmation by the Cost Consultant in accordance with Article 7, below, and upon such approval or confirmation, such costs shall also constitute "Approved O&M Costs."

6.4.2 Plaintiffs shall, within ten (10) Working Days after the end of each quarterly period following the Commencement of Operations, deliver to Whittaker, AISLIC and Steadfast a statement of invoices for Project O&M Costs incurred and paid by Plaintiffs from the Project O&M Escrow Account during the preceding quarterly period (**"Quarterly Project O&M Statements"**), accompanied by copies of all of the underlying invoices and other supporting documentation. Copies of the Quarterly Project O&M Statements shall be provided to Whittaker and AISLIC for review at least ten (10) days prior to the Technical Meeting following the end of each quarter, and the Parties shall exercise their best efforts to resolve any disputes concerning the invoices included in the Quarterly Project O&M Statement at or prior to the Technical Meeting.

6.4.3 Upon request, Plaintiffs shall additionally provide to SCLLC and RFI, or Buyer if the sale has closed, the Quarterly Project O&M Statements with copies of the underlying invoices and supporting documentation.

6.4.4 In the event of a dispute concerning items on any invoice, if such dispute is not resolved at or prior to the Technical Meeting, Whittaker and/or AISLIC shall provide Plaintiffs with written notice of the reason it disputes the invoice within ten (10) days after the

Technical Meeting, and the disputed item(s) shall be resolved by the Cost Consultant in accordance with Article 7, below.

6.4.5 Notwithstanding any pending dispute regarding Whittaker or AISLIC's disapproval of an invoice for payment, Plaintiffs may withdraw funds on a monthly basis from the Project O&M Escrow Account to pay actual Project O&M Costs, subject to the provisions of Article 7 of this Agreement, and to pay Escrow Agent's fees, and any fees incurred for the Cost Consultant in accordance with Article 7 below or for arbitrator's fees in accordance with Article 13, Section 13.2 below. Any appropriate adjustment resulting from the determination of the Cost Consultant shall be reconciled in the following Quarterly Project O&M Statement.

ARTICLE 7. COST CONSULTANT ARBITRATION

7.1 Cost Consultant

7.1.1 Appointment of Cost Consultant. Michael Kavanaugh shall act as Cost Consultant and perform the functions of Cost Consultant set forth in this Agreement. If Mr. Kavanaugh, any replacement Cost Consultant, or all parties to a disputed issue, determine that the Cost Consultant lacks expertise as to a specific disputed issue, the Cost Consultant (after consultation with the parties to the dispute) shall retain an expert to assist him or her in reaching a determination of that particular dispute.

7.1.2 Functions of Cost Consultant

7.1.2.1 The Cost Consultant, and any replacement Cost Consultant, shall not act as an agent or representative for any Party, and shall exercise independent, neutral judgment in the performance of the Cost Consultant's responsibilities under this Agreement.

7.1.2.2 In the event of a timely demand for arbitration pursuant to Sections 4.1, 4.2, 4.3, 4.4, 5.2 (except as otherwise provided in Sections 5.2.5 and 5.2.6), 6.2,

6.3, 6.4, 8.2, 8.3, 8.4.2, and 9.1 of this Agreement, the Cost Consultant shall resolve the dispute in accordance with this Article 7.

7.1.3 Cost Consultant Fees: The Cost Consultant's fees and costs shall be included in Project O&M Costs.

7.1.4 Replacement of Cost Consultant: The Cost Consultant may only be replaced by mutual agreement of the Plaintiffs, Whittaker and AISLIC or for good cause established to the satisfaction of the arbitrator designated pursuant to Article 13, Section 13.2 of this Agreement. In the event of the resignation, replacement for good cause, or unavailability of the Cost Consultant, Plaintiffs and Whittaker and AISLIC shall jointly retain a replacement Cost Consultant. If the Parties are unable to agree on a replacement, a replacement shall be chosen by the arbitrator designated pursuant to Article 13, Section 13.2 of this Agreement.

7.2 Cost Consultant Dispute Resolution

In the event that the Parties are unable to resolve a dispute arising under the sections listed in Section 7.1.2.2, Plaintiffs, Whittaker and/or AISLIC may, within the time period provided by the applicable section of this Agreement, demand expedited arbitration of the dispute. If no time period is specified in the applicable section, then the demand for expedited arbitration must be made within ten (10) days after the Technical Meeting at which such dispute was addressed and not resolved. Any such demand, accompanied by all materials that Plaintiffs, Whittaker and/or AISLIC consider necessary for resolution of the dispute, shall be served on the other Parties. By the end of the tenth day after their receipt of such a demand for arbitration, the receiving Party may submit to the Cost Consultant and, if so, shall serve upon the other Parties all materials that the receiving Party consider necessary for resolution of the dispute. The Cost Consultant may request further information from the Parties or schedule an arbitration hearing

date (in-person or by telephone conference) and shall render a decision within twenty (20) days after delivery of the demand for arbitration or, if an arbitration hearing is conducted, within ten (10) days of the conclusion of the arbitration hearing, or at such later time as may be agreed by the parties to the dispute and the Cost Consultant. If a Party does not timely demand arbitration, its disapproval shall be deemed waived.

ARTICLE 8. OWNERSHIP, CONSTRUCTION, OPERATION AND MANAGEMENT OF FACILITIES

8.1 Ownership of Facilities

Plaintiffs shall own or lease all Project facilities, all Replacement Wells and Associated Pipelines, all Distribution Pipelines, and the Q2 Treatment System. Plaintiffs represent and warrant that they have reached separate agreement as to their respective ownership of Project facilities, and this Agreement shall remain in full force and effect regardless of any dispute or disagreement that may exist or arise relating to their ownership of Project facilities, all Replacement Wells and Associated Pipelines, all Distribution Pipelines, and the Q2 Treatment System.

8.2 Plaintiffs' Responsibilities

8.2.1 Plaintiffs will be responsible for the planning, development, design, permitting, construction, installation, operation and maintenance of the Project, Q2 Treatment System, and Replacement Wells & Associated Pipelines and Distribution Pipelines consistent with generally accepted industry standards and practices, and subject to review of Project Capital Costs and Project O&M Costs as provided in Articles 4 and 5 of this Agreement, review of Q2 Treatment System as provided in Article 4 of this Agreement, and review of Replacement Wells & Associated Pipelines and Distribution Pipelines as provided in Article 4 of this Agreement, and resolution of disputed items or costs as provided in Articles 6 and 7 of this Agreement.

Subject to dispute resolution by the Cost Consultant in accordance with Article 7, Plaintiffs shall conduct such planning, development, design, permitting, construction and installation of the Project and the Q2 Treatment System through one or more contracts with design professionals and licensed contractors approved by Whittaker and AISLIC, such approval not to be unreasonably withheld.

8.2.2 Whittaker and AISLIC have previously approved of U.S. Filter as the initial Resin Service Contract Vendor for the Project, and the Q2 Treatment System which has already commenced operations. Whittaker and AISLIC shall participate with Plaintiffs in the negotiation of the initial Resin Service Contract with U.S. Filter for the Project, and shall be participants in Plaintiffs' negotiation of any renewal or substitute Resin Service Contract(s) for the Project prior to payment of the Lump Sum. Prior to an arbitration determination of the Lump Sum, all Plaintiff/Whittaker/AISLIC negotiations on Resin Service Contract(s) will include consideration and negotiation of insurance that the Vendor is able to obtain for Plaintiffs and Defendants and obtaining Vendor Labor in connection with operations, monitoring, sampling and maintenance of the Project, and comparison with alternative options of Plaintiffs' costs for substantially same Labor and insurance, liability exposure considerations, and all associated costs. The Parties agree that Plaintiffs will have the option of performing all or certain of the operations, monitoring, sampling and maintenance of the Project and to secure their own insurance policies in accordance with Article 11 "Project Insurance", provided, however, that Defendants' Project O&M payment obligations for such labor and insurance costs will be limited to the cost of reasonably comparable, efficient and effective alternatives available by means of a bid for a resin service contract selected through a competitive bidding process in accordance with CLWA bid procedures and applicable law.

8.2.3 The Project shall be designed, constructed and installed in accordance with Exhibit F (subject to Project Modification pursuant to Article 9 of this Agreement) and all applicable state, federal and local government laws, regulations, ordinances and other applicable legal requirements.

8.3 Operation, Maintenance and Management of Project

8.3.1 Plaintiffs shall, in consultation with each other, operate, maintain and manage the Project (a) in accordance with all applicable state, federal and local government laws, regulations, ordinances, other applicable legal requirements (including the DTSC-approved IRAP), and generally accepted industry standards and practices, and (b) to perform its intended function of providing containment of perchlorate as defined in Section 9.1 of this Agreement, until exhaustion of any Lump Sum determined and paid pursuant to Section 5.2.6 of this Agreement; provided, however, that if there is no Lump Sum determination and payment, Plaintiffs shall operate, maintain, and manage the Project until Defendants cease funding Project O&M Costs pursuant to Section 5.2.4 of this Agreement or any other reason. In fulfilling their obligations hereunder, Plaintiffs shall not be required to fund any Project Modification.

8.3.1.1 Plaintiffs shall provide accounting services necessary for accurately tracking Project Capital and O&M Costs, invoice payments, budget process, deposits to and disbursements from the Escrow Accounts, and credits for funds received from Public Funding Sources.

8.3.2 Monitoring and Reporting

8.3.2.1 As contemplated by the DTSC approved IRAP, Plaintiffs shall arrange for and supervise the required groundwater monitoring and promptly after receipt

provide sampling data to Whittaker, AISLIC, and upon request, to SCLLC, RFI, or if the sale has closed, the Buyer.

8.3.2.2 Plaintiffs shall ensure timely, complete, and satisfactory preparation and submission of any reports and other deliverables that may be required by any state, federal or local government law, regulation, ordinance or other applicable legal requirement, including the DTSC-approved IRAP, and provide copies of such reports to Whittaker and AISLIC. Copies of such reports shall, upon request, be made available to SCLLC, RFI, or if the sale has closed, the Buyer. This obligation can be met by an electronic posting of the requested materials.

8.3.2.3 Plaintiffs shall maintain any and all books, records, accounts and supporting documentation **("Records")** either required by or necessary to document (i) compliance with all applicable state, federal and local government laws, regulations, ordinances and other applicable legal requirements; and (ii) responsible financial management of the Project. Financial Records shall be maintained in accordance with generally accepted accounting principles and shall be retained until the later of (a) five (5) years from the "as of" date or period applicable to the financial Record; or (b) the Internal Revenue Service retention period for such Records. All other Records shall be retained for a minimum of ten (10) years after the record was created. All Records shall be subject to audit pursuant to Section 8.5 of this Agreement.

8.3.2.4 Plaintiffs shall provide Whittaker, AISLIC, and Steadfast on a semi-annual basis, copies of the Plaintiffs' cost estimates for the Project, the Replacement Wells/Distribution Pipelines and the Q2 Treatment System, showing expenditures against such budgets, and shall provide copies of any reports, contracts or other materials to be considered at

the Technical Meeting, in accordance with Section 8.4, below. Plaintiffs shall make available such reports to SCLLC, RFI, or if the sale has closed, the Buyer, upon request.

8.4 Monthly Technical Meetings

8.4.1 Plaintiffs shall hold monthly meetings to consider technical, financial and other issues related to the planning, development, design, permitting, construction, installation, operation and management of the Project, the Q2 Treatment System, and the Replacement Wells/Distribution Pipelines ("Technical Meetings").

8.4.2 Participation in Technical Meetings

8.4.2.1 Each Plaintiff and Whittaker and AISLIC shall designate one or more representative(s) to participate in Technical Meetings in furtherance of planning, development, design, permitting, construction, installation, operation and management of the Project and the Q2 Treatment System, and the planning, development, design, permitting, construction, and installation of the Distribution Pipelines and Replacement Wells & Associated Pipelines. Such meetings shall be held monthly, or more or less frequently if agreed to by all Plaintiffs and Whittaker and AISLIC, upon no less than ten (10) days written notice from Plaintiffs. After Defendants' payment of the Lump Sum as described in Section 5.2.6 and installation of the Distribution Pipelines and Replacement Wells & Associated Pipelines, such meetings will no longer be held, unless otherwise requested by Whittaker and/or AISLIC, with reasonable compensation payable to Plaintiffs as agreed by the Parties.

8.4.2.2 Except for those contracts, proposals, and/or solicitation materials listed in Exhibit T attached to this Agreement, no contract, request for proposal, solicitation of bid package or other solicitation for planning, development, design, permitting, construction or installation of the Project, the Q2 Treatment System or the Distribution Pipelines

and Replacement Wells & Associated Pipelines shall be made by any Plaintiff unless approved by Whittaker and AISLIC, or -- if disapproved by Whittaker and/or AISLIC-- approved by the Cost Consultant. Copies of any contract, request for proposal, solicitation of bid package, report or other document to be considered at any Technical Meeting held pursuant to Section 8.4.2.1 of this Agreement shall be provided to each designated representative at least ten (10) days before the meeting, unless such document or report was then not available, in which event the document or report shall be distributed as long in advance of the meeting as possible. Whittaker and AISLIC shall notify Plaintiffs as soon as possible, but in any event within ten (10) Working Days after receipt, whether they respectively approve each contract, request for proposal, solicitation of bid package or other solicitation for planning, development, design, permitting, construction or installation of the Project, the Q2 Treatment System, or the Distribution Pipelines and Replacement Wells & Associated Pipelines. Absent such timely notice, approval shall be presumed. If Whittaker and/or AISLIC gives timely notice of disapproval of any such contract, request for proposal, solicitation of bid package or other solicitation for planning, development, design, permitting, construction or installation, such notice must be accompanied by a written explanation of the reason for disapproval and, if possible, a proposed revision that is approved.

8.4.2.3 Whittaker's and/or AISLIC's disapproval of any contract, request for proposal, solicitation of bid package or other solicitation for planning, development, design, permitting, construction or installation of the Project, the Q2 Treatment System, or the Distribution Pipelines and Replacement Wells & Associated Pipelines will be subject to binding arbitration, pursuant to Article 7 of this Agreement. The arbitration shall be conducted by the Cost Consultant. Within fifteen (15) Days after Whittaker and/or AISLIC's timely notice of disapproval of any contract, request for proposal, solicitation of bid package or other solicitation

for planning, development, design, permitting, construction or installation of the Project, the Q2 Treatment System, or the Distribution Pipelines and Replacement Wells & Associated Pipelines, Whittaker and/or AISLIC may demand such expedited arbitration. Any such demand, accompanied by all materials that Whittaker and/or AISLIC considers necessary for resolution of the dispute, shall be served on Plaintiffs within that fifteen (15) day period. By the end of the tenth day after their receipt of such a demand for arbitration, Plaintiffs may submit to the Cost Consultant and, if so, shall serve upon Whittaker and AISLIC, all materials that Plaintiffs consider necessary for resolution of the dispute. The Cost Consultant may request further information from the Parties and AISLIC or schedule an arbitration hearing date (in-person or by telephone conference) and shall render a decision within twenty (20) days after delivery of the demand for arbitration or, if an arbitration hearing is conducted, within ten (10) days of the conclusion of the arbitration hearing, or at such later time as may be agreed by the parties to the dispute and the Cost Consultant. If Whittaker and/or AISLIC does not timely demand arbitration, its disapproval shall be deemed waived.

8.4.2.4 Plaintiffs shall make available to Whittaker, AISLIC and Steadfast (i) copies of all notices, documents and other written communications (including, without limitation, drafts and revisions) concerning planning, development, design, permitting, construction or installation of the Project or the Q2 Treatment System sent by Plaintiffs or their consultants to DTSC, DHS, Regional Water Quality Control Board ("**RWQCB**"), California Public Utilities Commission ("**CPUC**"), U.S. Environmental Protection Agency ("**EPA**") and/or any other regulatory agency with jurisdiction at the same time and by the same manner of delivery by which such notices, documents or other written communications are sent; and (ii) promptly following receipt, all notices, documents and other written communications concerning

planning, development, design, permitting, construction or installation of the Project or the Q2 Treatment System received by Plaintiffs or their consultants from DTSC, DHS, RWQCB, CPUC, EPA and/or any other regulatory agency with jurisdiction. Plaintiffs shall additionally make all of such information available upon request to SCLLC, RFI, or if the sale has closed, to the Buyer.

8.4.2.5 Whittaker shall make available to Plaintiffs, AISLIC and Steadfast copies of all public or non-public and non-confidential notices, reports, documents and other written communications to or from Whittaker and DTSC, DHS, RWQCB, EPA and the Buyer (with the Buyer's consent) concerning the Site and groundwater remediation activities and obligations, at the same time and by the same manner of delivery by which such notices, documents or other written communications are sent, or promptly upon receipt by Whittaker.

8.5 Audits

Whittaker and/ or AISLIC may, upon reasonable notice and no more frequently than once a year, audit Plaintiffs' Records, including all invoices and supporting documentation for Project expenditures. The costs of any such audit shall be paid by the requesting party. Any dispute arising from an audit shall be resolved by the arbitrator designated pursuant to Section 13.2.2. Whittaker and/or AISLIC may demand arbitration of such a dispute within thirty (30) Days after receipt of the audit report triggering the dispute. Failure to demand arbitration within that time period shall be a waiver of any dispute triggered by the audit report.

ARTICLE 9. PROJECT MODIFICATION

9.1 Project Modification

9.1.1 The Parties acknowledge that the effectiveness of the remedy contemplated by the Project is not guaranteed by the Plaintiffs, although the Parties believe that the implementation of the Project represents a reasonable approach to providing containment of

perchlorate as defined below and restoring water production. In the event that within the first three (3) years after Commencement of Operations of the Project (which time period will be tolled during any period in excess of one week of Remedy Stoppage), a modification of the Project relating to perchlorate remediation is required (1) because of any regulatory requirement or directive or court order; (2) because of a change in water quality standards or regulations; (3) because of an increase in concentration levels of perchlorate in the Subject Wells; (4) to achieve containment of downgradient perchlorate migration; (5) to restore the contemplated capability of the Project to provide water for potable purposes; or (6) to improve Project efficiency or cost effectiveness, Plaintiffs, Whittaker, and/or AISLIC may develop and implement the necessary modification of the Project (**"Project Modification"**) in accordance with this Article 9. Any Project Modification will be funded separately from and is not included in the amounts deposited into the Project Capital Costs Escrow Account as described in Section 1.56. For the purposes of this Agreement, containment is achieved when groundwater monitoring and modeling demonstrates (subject to agreement by representatives of Plaintiffs, Whittaker and AISLIC at the monthly Technical Meetings or there is a determination by the Cost Consultant) that hydraulic control of Saugus Formation groundwater in the vicinity of Saugus 1 and 2 is such that future perchlorate migration from the Site in the Saugus Formation will not result in impacts to existing Saugus Formation production wells identified in Exhibit U above an applicable Notification Level or Maximum Contaminant Level ("MCL"). The groundwater modeling and evaluation of containment will also consider other contaminant mass removal and contaminant containment measures implemented on and in the vicinity of the Site.

9.1.2 Promptly upon the occurrence of any of the circumstances described in Section 9.1.1, above, Plaintiffs may provide Whittaker, AISLIC and Steadfast with written

notification of the need for a Project Modification (**"Project Modification Notice"**), with a proposal for the required modification and/or a procedure for developing, implementing and funding such a modification, and the Plaintiffs, Whittaker and AISLIC shall exercise their best efforts to develop an appropriate and mutually acceptable Project Modification. Any proposed Project Modification shall incorporate the use of best available, cost efficient and effective technology upon consultation with the technical representatives of Whittaker and AISLIC. If, within 60 days after the receipt of the Project Modification Notice, the Plaintiffs, Whittaker and AISLIC are unable to agree upon a Project Modification, Plaintiffs may demand arbitration. In that event, the matter will be resolved by the Cost Consultant in accordance with Article 7.

9.1.3 In addition to the foregoing, within the first three (3) years after Commencement of Operations of the Project (which time period will be tolled during any period in excess of one week of Remedy Stoppage), Whittaker or AISLIC may propose a Project Modification based upon the occurrence of any of the circumstances described in Section 9.1.1 above, and deliver the proposal, including all appropriate documentation, to the other Parties for consideration at the next Technical Meeting. If the Plaintiffs, Whittaker and AISLIC are unable to agree on the proposed Project Modification within 60 days after delivery of the proposal and documentation, the proposing party may demand arbitration. In that event, the matter will be resolved by the Cost Consultant in accordance with Article 7.

9.1.4 Following the first three (3) years after Commencement of Operations of the Project (which time period will be tolled during any period in excess of one week of remedy stoppage requiring Project Modification), and prior to determination of a Lump Sum pursuant to Section 5.2.6, Whittaker or AISLIC may propose a Project Modification and deliver the proposal, including all appropriate documentation, to the other Parties for consideration at the

next Technical Meeting, if Whittaker or AISLIC are willing to pay for the capital costs and O&M costs associated with such Project Modification. If the Parties are unable to agree on the proposed Project Modification within 60 days after delivery of the proposal and documentation, the matter will be resolved by arbitration in accordance with Article 7.

9.1.5 Following the first three (3) years after Commencement of Operations of the Project (which time period will be tolled during any period in excess of one week of Remedy Stoppage, and prior to determination of a Lump Sum pursuant to Section 5.2.6, Plaintiffs may propose a Project Modification and deliver the proposal, including all appropriate documentation, to the other Parties for consideration at the next Technical Meeting, if Plaintiffs are willing to pay for the capital costs associated with such Project Modification. Defendants, subject to Section 2.5, will retain the obligation to pay Project O&M Costs, including any increase in such costs resulting from the Project Modification. If the Parties are unable to agree on the proposed Project Modification within 60 days after delivery of the proposal and documentation, the matter will be resolved by arbitration in accordance with Article 7.

9.1.6 Funding By Defendants

Once a Project Modification has been agreed upon or resolved by arbitration, the Project Modification shall become incorporated in the Project, and shall be handled in all respects as a part of the Project, with Defendants obligated on a joint and several basis subject to Section 2.5 to pay for all reasonable and necessary Project Capital Costs and Project O&M Costs associated with the Project Modification, including costs of replacement water in the event of a Remedy Stoppage within the first three years after Commencement of Operation of the Project (which time period will be tolled during any period in excess of one week of Remedy Stoppage). This Project Modification funding obligation for Project Capital Costs is in addition to the obligation

for funding Project Capital Costs as defined in Section 1.5.4, for which an amount of ten million dollars ($10,000,000) has been allocated. In the event that a modification of the Project is required or desired after the first three (3) years following Commencement of Operations of the Project (which time period will be tolled during any period in excess of one week of Remedy Stoppage), Plaintiffs will bear all Project Capital Costs associated with the Project Modification, except for Project Modifications proposed by Whittaker or AISLIC pursuant to Section 9.1.4. Any increase in O&M costs resulting from such Project Modification will be included in Project O&M Costs required to be paid by Defendants pursuant to the applicable provisions of this Agreement.

9.1.7 Newhall County Well NC13

9.1.7.1 Notwithstanding any other provisions of this Agreement, the provisions of this Section shall govern matters relating to Newhall County Well NC13 in the event of any conflict.

9.1.7.2 The Parties recognize that perchlorate contamination reportedly found in Newhall County Well NC13 may require well-head or equivalent treatment, or well replacement, in the future. If NCWD reasonably believes that well-head or equivalent treatment or replacement of Newhall County Well NC13 is in fact required, then such proposed measures may, in NCWD's sole discretion, be treated as a request for a Project Modification subject to the provisions of Section 9.1.2, even if the proposal is not made until later than three (3) years after Commencement of Operations of the Project; provided, however, that Whittaker and AISLIC retain expressly all rights under the Project Modification provisions of Article 9, including the right to object based on the cost-ineffectiveness of the proposal or on other grounds, and provided that the proposal shall not be treated as a Project Modification unless it is made no later

than July 1, 2017. The funding by Defendants of a Project Modification pursuant to this Section shall include capital costs even if it does not occur until later than three (3) years after Commencement of Operations of the Project.

9.1.7.3 If NCWD seeks and obtains a Project Modification with respect to NC13, then NC13 shall be treated as a Subject Well; however, unless and until NCWD obtains a Project Modification with respect to NC13, it shall not be deemed a Subject Well and there shall be no release of any liability in connection therewith.

9.1.7.4 Any Lump Sum Arbitration conducted at a time when NC13 is not part of a Project Modification shall have no impact on the obligations created in this Section. If NC13 is a Project Modification and is undergoing well head or equivalent treatment at the time a Lump Sum Arbitration for Saugus 1 and 2 Treatment Plant Operations and Maintenance is conducted, the Lump Sum Arbitration shall also determine a separate lump sum for the operation and maintenance of NC13 for the remainder of the up to thirty (30) year period after the commencement of well-head or equivalent treatment at NC13, deducting that portion of the Lump Sum determined for Saugus 1 and 2 Treatment Plant Operations and Maintenance costs allocable to NC13 from such separate lump sum to the extent NC13 is being treated through the Saugus 1 and 2 Treatment Plant.

9.1.7.5 In the event that NC13 becomes a Project Modification after a Lump Sum Arbitration for Saugus 1 and 2 Treatment Plant Operations and Maintenance costs has occurred, the obligation to pay for Project Modification costs shall continue for a period of up to thirty (30) years after the commencement of well-head or equivalent treatment at NC13, unless, beginning three (3) years after such Project Modification, Plaintiffs, Whittaker, or AISLIC, demand binding arbitration as provided in Article 13 of this Agreement and consistent

with this Section, to determine a lump sum payment of NC13 operation and maintenance costs for the remainder of the up to thirty (30) year period.

9.1.7.6 Prior to NC13 becoming a Project Modification, Plaintiffs' rights under the Rapid Response Fund will not be impaired.

ARTICLE 10. DISPUTES REGARDING POSSIBLE FUTURE PERCHLORATE CONTAMINATION

10.1 Process for Addressing Possible Future Perchlorate Contamination

The Parties acknowledge that the remedy contemplated by the Project and Distribution Pipelines, the Q2 Treatment System, and the Replacement Wells and Associated Pipelines does not specifically address possible future impacts of perchlorate on wells other than the Subject Wells.

10.1.1 In the event that there is detection of perchlorate contamination confirmed by subsequent sample above the Notification Level or MCL that affects water production from Presently Existing Saugus Production Wells or Alluvial Wells, other than one of the Subject Wells (hereinafter referred to as a "**Non-Subject Well Future Perchlorate Circumstance**" or "**Circumstance**"), one or more of the affected Plaintiffs shall provide written notice to all other Parties that a Non-Subject Well Future Perchlorate Circumstance exists. Such written notice shall include the facts relevant to such Circumstance, as well as documents relevant to such Circumstance, and shall specify whether any action, payment, or relief is being demanded. The sender of the Notice shall provide such other and further information and documentation, and updates regarding the Circumstance, as may be reasonably appropriate. In the event that an action, payment, or other relief is being demanded of Whittaker, Whittaker shall, within fifteen (15) days of receipt of the Notice, forward such Notice to AISLIC seeking a determination of coverage with respect to such demand, if Whittaker believes that coverage exists for such

demand. In its letter to AISLIC requesting a determination of coverage, and thereafter, Whittaker shall provide to AISLIC all information and documents relating to the Circumstance as have been provided to Whittaker, and Whittaker shall request that AISLIC provide a determination of coverage as soon as possible, and AISLIC shall respond no later than sixty (60) days following AISLIC's receipt of information and documents reasonably necessary to make a coverage determination. In the event that an action, payment, or other relief is being requested, the sender of the Notice shall meet and confer in good faith with such Party that is a subject of the Notice and, as appropriate, its insurers, to attempt to negotiate a resolution of the issues presented by the Circumstance. In the event that after 90 days from the date of receipt of the Notice (the "**Notice Period**"), the issues presented in the Notice are not resolved through such meeting or meetings, then any Plaintiff may elect to initiate the arbitration process for Future Perchlorate Contamination Disputes under Section 13.3.2.1 of this Agreement, provided that the AISLIC Future Perchlorate Determination of Coverage has been received by Whittaker, and Whittaker satisfies itself, at its discretion exercised in good faith, that AISLIC's determination of coverage is acceptable to allow the arbitration to go forward. Whittaker shall notify such Party and AISLIC in writing of Whittaker's decision within 15 days of receiving AISLIC's determination of coverage. If Whittaker provides such notice indicating that AISLIC's determination of coverage is not acceptable to Whittaker, or if AISLIC fails to provide any determination of coverage within the requisite sixty (60) period, then no Plaintiff may elect to initiate the arbitration process.. Where arbitration may be initiated hereunder and a Plaintiff elects to initiate the arbitration process, said Future Perchlorate Contamination Dispute will be resolved through the procedures for Future Perchlorate Contamination Disputes set forth in Section 13.3 of this Agreement.

10.1.2 Unless arbitration may be initiated pursuant to Section 10.1.1 above, and a Plaintiff elects in its sole discretion to initiate the arbitration process pursuant to Section 13.3.2.1 with respect to a Future Perchlorate Contamination Dispute, such dispute will not be subject to the procedures set forth in Section 13.3 and may instead be heard in its entirety by a court of competent jurisdiction.

10.1.3 Except as provided herein, each Party agrees that execution of this Agreement shall constitute their respective consents to jurisdiction of the Federal District Court, Central District of California, or the Superior Court of the County of Los Angeles with regard to Future Perchlorate Contamination Disputes. Notwithstanding the foregoing, the venue for any action against the Debtors, or the reorganized Debtors pursuant to a plan of reorganization approved by the Bankruptcy Court, shall be the Bankruptcy Court to the fullest extent that the Bankruptcy Court has subject matter jurisdiction over such action.

10.1.4 Notwithstanding the foregoing, in the event that Plaintiffs have obtained funds from the Rapid Response Fund pursuant to Section 11.2 to address a Circumstance as defined herein, any disputes over the use of the Rapid Response Fund for the Circumstance for which arbitration is initiated under Section 10.1.1 will be handled in accordance with Section 13.3.

ARTICLE 11. PROJECT INSURANCE; RAPID RESPONSE FUND

11.1 Project Insurance

11.1.1 Plaintiffs shall obtain and maintain in force the following policies of insurance for the Project or obtain additional insured status on policies offered by the Resin Service Contract Vendor throughout the first thirty years of operation of the Project (including any renewals with same or substantially similar coverage):

- a comprehensive general liability policy of insurance, including contractual liability, in substantially the form of Exhibit V to this Agreement (the "**CGL Policy**");
- an Environmental Impairment Liability policy in substantially the form of Exhibit W to this Agreement (the "**EIL Policy**") if obtainable for a commercially reasonable premium as agreed by the Parties and AISLIC or determined by the Cost Consultant;
- an earthquake policy of insurance in substantially the form of Exhibit X to this Agreement (the "**Earthquake Policy**")
- a First-Party Property Insurance policy in substantially the form of Exhibit Y to this Agreement (the "**Property Policy**").

The CGL Policy, the EIL Policy, the Earthquake Policy and the Property Policy must be obtained by Plaintiffs with Plaintiffs and, other than the Earthquake and Property Policies, Defendants and the Buyer, identified as named insureds or additional insureds, and with coverages, policy limits, and deductibles or self-insured retentions as set forth on Exhibits V, W, X, and Y or as provided on substantially similar coverage, or alternatively, as provided on less expensive similar insurance offered through the Resin Service Contract Vendor. In the event that the Resin Service Contract Vendor is retained to provide operations and maintenance Labor for the Project, no cost of EIL coverage shall be paid by Defendants as Project O&M Costs or otherwise, so long as EIL coverage substantially similar to Exhibit W is provided to Plaintiffs by the Resin Service Contract Vendor.

11.1.2 Incremental costs of the Project Insurance coverage, in excess of the Plaintiffs' non-Project costs of such coverage, will constitute Project O&M Costs.

11.1.3 Duties of Named Insureds

11.1.3.1 Each Party that is named as an insured or additional insured under the CGL Policy, the EIL Policy, or substitute insurance obtained through Resin Service Contract Vendor, Earthquake Policy and Property Policy, shall perform its duties as an insured as set forth in each such policy of insurance.

11.1.3.2 No Party that is named as an insured or additional insured under the CGL Policy or EIL Policy shall act on behalf of any other Party also insured under said insurance policies with respect to (a) giving or receiving of notice of cancellation; or (b) receipt or acceptance of any endorsement issued to or for a part of any of said insurance policies. No Party insured under the CGL Policy or EIL Policy shall cancel, or assign the right to cancel, any of said policies without first obtaining the written consent of all other Parties, which shall not be unreasonably withheld.

11.1.4 The Parties agree not to make a claim against Plaintiffs, Whittaker, AISLIC, the Buyer, Debtors, Steadfast, or SF Escrow 1 or SF Escrow 2 for any sums paid by any insurance policy referenced in this Article 11. The insurance obtained pursuant to this Article 11 shall contain a waiver of subrogation against Plaintiffs, Whittaker, AISLIC, the Buyer, Debtors, Steadfast, and SF Escrow 1 and SF Escrow 2.

11.2 Rapid Response Fund

11.2.1 The Parties acknowledge that the remedy contemplated by the Project and Q2 Treatment System may not effectively contain downgradient movement immediately of perchlorate contamination in the Alluvial Aquifer or portions of the Saugus Formation. Accordingly, Plaintiffs may submit to AISLIC and AISLIC shall process and pay, as soon as practicable from the SF Escrow 1 Account in accordance with this Section 11.2 and the

Coverage and Claims Settlement Agreement, costs incurred to respond on an expedited basis to perchlorate contamination that is confirmed to be present by subsequent sampling, with split samples to be provided to Defendants, in concentrations exceeding the applicable Notification Level or MCL, in VWC wells N, N-7, N-8, S6, S7, S8, 201, and 205, and NCWD wells NC-10, NC-12 and/or NC-13 (the **"Threatened Wells"**) up to a total amount of ten million dollars ($10,000,000) (the **"Rapid Response Fund"**). Plaintiffs shall be entitled to seek such payment and/or reimbursement only for the period ending July 1, 2017.

11.2.2 Pending agreement between Plaintiffs, Whittaker and AISLIC, or a final determination of the appropriate remedy and amounts payable, allowable uses of the Rapid Response Fund by Plaintiffs include, (a) the additional costs of providing consumers with water from alternative water sources (**"Replacement Water"**), if and to the extent that Replacement Water is necessary and not otherwise available, from existing sources without negative impact to Plaintiffs or any of them, and (b) any costs for rental equipment and resin, including the costs of operating and maintaining leased treatment equipment, or for associated site acquisition, preparation and installation costs. Capital Costs for purchase of capital equipment or permanent capital improvements, and operations and maintenance costs associated with purchased capital equipment or permanent capital improvements, are not allowable uses of the Rapid Response Funds absent later agreement by both AISLIC and Whittaker on a case by case basis.

11.2.3 The Rapid Response Fund obligation will be paid from the funds maintained in the SF Escrow 1 Account. The Defendants and AISLIC agree, and the Defendants represent and warrant that they have obtained the agreement of the "Zurich Parties" and the "AISLIC Parties" (as defined in the Coverage and Claims Settlement Agreement) that

the funding of the Rapid Response Fund from the SF Escrow 1 Account falls within the Uses of SF Escrow 1 Funds, Section IV.F.5.a.(i) of the Coverage and Claims Settlement Agreement.

11.2.4 To obtain payment and/or reimbursement from the Rapid Response Fund, Plaintiffs must directly tender their written request(s) for payment for a ninety day period of time, along with a sworn statement describing the need for specified funds due to confirmed perchlorate contamination in concentrations exceeding the applicable Notification Level or MCL in one or more of the Threatened Wells, and identifying the last date, if any, that the Well for which funding is sought may have been disinfected and the product or solution that may have been used, to AISLIC, with courtesy copies to Defendants. All written requests for payment shall state the need for said specified funds within a ninety day period. Any request for additional ninety day funding shall require a new written request for payment accompanied by a new supporting statement as described above and supporting cost documentation. Within fifteen (15) days of receipt of such written request and sworn statement, AISLIC will instruct Wells Fargo Bank or other agreed bank to make payment of the required Rapid Response Funds to Plaintiffs from the SF Escrow 1 Account.

11.2.5 In the event that the SF Escrow 1 Account Terminates (as defined in Section 5 of the SF Escrow 1 Instructions) prior to the expiration of the time period described in Section 11.2.1 above and in the further event that the $10,000,000 Rapid Response Funds have not been fully paid, the AISLIC Policy Coverages A-F, to the extent that limits remain thereunder, will be available to Whittaker to provide Plaintiffs with a rapid response for the remainder of the time period described in Section 11.2.1 above for the remaining unpaid amount of the agreed $10,000,000 in Rapid Response Funds. In the aforementioned circumstances, Plaintiffs must directly submit their written request(s) for payment for a ninety day period of

time, along with a sworn statement describing the need for specified funds due to confirmed perchlorate contamination in concentrations exceeding the applicable Notification Level or MCL in one or more of the Threatened Wells as described in Section 11.2.4, to Whittaker, with courtesy copies to AISLIC. Within seven (7) Working Days of receipt of such written request and sworn statement, Whittaker, in turn, shall submit a claim pursuant to this Agreement to AISLIC under Coverages A-F for the aforementioned Rapid Response Funds, and Whittaker's payment shall be due within twenty-eight (28) Working Days of receipt of Plaintiff's written request to the extent that limits remain under AISLIC Policy Coverages A-F. Upon receipt of said claim from Whittaker ("Whittaker Rapid Response Claim") and provided that the CLWA Plaintiffs have provided a written request and sworn statement to Whittaker pursuant to and in accordance with Section 11.2 "Rapid Response Fund" of this Agreement, AISLIC shall: (1) treat any Whittaker Rapid Response Claim as a covered claim under AISLIC Policy Coverages A, B, C, D, E, or F, and respond to said claim pursuant to the terms of the AISLIC Policy Coverages A-F and without reservation of coverage rights to the extent that limits remain under AISLIC Policy Coverages A-F, but with reservation of AISLIC's rights, to the full extent of the rights set forth herein (a) to assert disputes, claims or controversies under this Agreement and (b) to assert all of Whittaker's substantive defenses to payment of Rapid Response Funds as provided in this Agreement and (2) make payment on Whittaker's Rapid Response Claim to CLWA Plaintiffs on behalf of Whittaker within twenty one (21) Working Days of AISLIC's receipt of a Whittaker Rapid Response Claim that is fully compliant with Section 11.2 of the Castaic Lake Water Agency Litigation Settlement to the extent that limits remain under AISLIC Policy Coverages A-F. Nothing in this Section 11.2.5 of this Agreement is intended or shall be construed to be agreement as to which Coverage(s) (i.e., A, B, C, D, E, or F) apply to Whittaker's Rapid

Response Claim(s). This Section 11.2.5 is unique and specific to Whittaker's Rapid Response obligation and nothing in this Section 11.2.5 is intended to be or shall be of precedential value or construed to be agreement as to treatment or handling of any other current or future claims that Whittaker may assert under or Plaintiffs may assert with respect to the AISLIC Policy.

11.2.6 Any dispute, claim or controversy concerning payment of costs or losses under this Section, including any disputes as to the reasonableness and necessity of said costs, will be resolved by expedited binding arbitration in accordance with Section 13.2 or Section 13.3, as appropriate.

11.2.7 This Rapid Response Fund remedy is in addition to any remedy otherwise available to Plaintiffs at law or in equity, or pursuant to this Agreement, provided that Plaintiffs will not seek duplicate recovery from Defendants or their insurers or AISLIC or SF Escrow 1 for any losses, costs, expenses, or damages paid by the Rapid Response Funds. Defendants and their insurers reserve all defenses they may have with respect to payment of Rapid Response Funds, including but not limited to the defense that Plaintiffs' disinfection or other operation and maintenance procedures carried out after the Effective Date hereof have contributed to or caused the perchlorate detection and the defense that Defendants are not otherwise legally or factually responsible or liable for the perchlorate contamination. In the event that Rapid Response Funds are determined by binding arbitration to have been improperly requested by or paid to Plaintiffs in whole or in part based upon defenses the Defendants or their insurers or AISLIC may have with respect to payment of Rapid Response Funds, Plaintiffs shall be required to reimburse those funds in whole or in part to the SF Escrow 1 or the AISLIC Coverages A-F limits, as appropriate, which Escrow and/or Policy shall be replenished to the extent of the reimbursement.

ARTICLE 12. RELEASES AND DISMISSAL OF UNDERLYING ACTION

12.1 Plaintiffs' Releases

12.1.1 In consideration of Defendants' payments, promises, and covenants herein, including funding provided by or on behalf of Defendants pursuant to the Coverage and Claims Settlement Agreement and the Related Settlement, each Plaintiff, on behalf of itself and its predecessors, successors and assigns, hereby forever releases, acquits and forever discharges Whittaker and its insurers (including but not limited to AISLIC, The Insurance Company of the State of Pennsylvania ("ISOP"), and Steadfast), SCLLC, RFI, RFI Realty, BRLLC, the Buyer, and Steadfast Santa Clarita Holdings, LLC (**"SSCH"**), and their respective officers, directors, shareholders, members, employees, agents, representatives, contractors, reinsurers, consultants, subsidiaries, affiliates, predecessors, successors and assigns from any and all actions, causes of action, claims, demands, liabilities, damages, penalties, fines, debts, losses, costs, expenses and fees (including, without limitation, litigation costs and attorney and consultant fees) of every kind and nature whatsoever, in law and in equity, whether known or unknown, suspected or unsuspected, foreseen or unforeseen, arising out of or relating to the past, present or future detection of perchlorate in the Subject Wells, (except for claims addressed in Section 12.1.2 and Section 12.1.3 which are not released in this Section 12.1.1) including (without limitation) all claims for past and future purchase of replacement water as a result of the detection of perchlorate in the Subject Wells (except for the costs of providing consumers with water from alternative water sources during the first three years after Project operations commence if there is a Remedy Stoppage during said time period), all Plaintiffs' Past Environmental Claims, all Plaintiffs' Past Design Costs Claims, all Plaintiffs' claims relating to the V-206 Replacement Well, including, but not limited to, construction and installation of VWC's well V-206 and associated pipelines, and permanent closure and abandonment of VWC's well V-157, all claims

with respect to the Capital Costs for Q2, and all claims for past or future response costs and other costs incurred as a result of perchlorate detection in the Subject Wells, including attorneys' and consultants' fees and costs. However, excluded from the release provided in this section are any claims or causes of action arising out of or relating to any future claims, causes of action, suits, legal or administrative proceedings by third parties (or by Defendants where the proceeding is initiated by a third party) against Plaintiffs for actual bodily injury, property damage or response costs allegedly suffered or incurred by such third-parties, including but not limited to any and all third party claims, causes of action, suits, legal or administrative proceedings against Plaintiffs and any resulting damages, losses, penalties, fines or liabilities , after the Effective Date arising out of or related to alleged exposure to or release of perchlorate or other chemicals caused by Plaintiffs' operation of the Project, (collectively, **"Third Party Claims"**) but not excluding any Third Party Claims resulting from the Plaintiffs' negligence or willful misconduct in operation of the Project. Plaintiffs represent and warrant that, as of the Effective Date of this Agreement, they are not aware of any Third Party Claims brought against any of them. The releases provided in this Section 12.1.1 shall be effective upon payment of all funds required to be paid within thirty (30) days after the Effective Date of this Agreement..

12.1.2 Release For Costs Applied Against Escrows. Upon each payment from the Escrow Accounts for Project Capital and O&M Costs, Q2 O&M Costs, and Replacement Wells/Distribution Pipeline Capital Costs (and following any adjustment for a disputed item), and upon each payment of Rapid Response Funds from the SF Escrow 1 Account or the AISLIC Policy, as applicable, each Plaintiff, on behalf of itself and its predecessors, successors and assigns, hereby forever releases, acquits and forever discharges Whittaker and its insurers (including but not limited to AISLIC, ISOP and Steadfast), SCLLC, RFI, RFI Realty, BRLLC,

the Buyer, and SSCH, and their respective officers, directors, shareholders, members, employees, agents, representatives, contractors, reinsurers, consultants, subsidiaries, affiliates, predecessors, successors and assigns from any and all actions, causes of action, claims, demands, liabilities, damages, penalties, debts, losses, costs, expenses and fees (including, without limitation, litigation costs and attorney and consultant fees) of every kind and nature whatsoever, in law and in equity, in connection with the Project, the Q2 Treatment System, the Replacement Wells and the Distribution Pipelines, and the Rapid Response Funds, but only to the extent of such payment.

12.1.3 As to Project O&M Costs, and subject to Section 9.1.7 hereof, upon the sooner of payment by Defendants of a Lump Sum determined by arbitration pursuant to Section 5.2.6 hereinabove or of payment of all Project O&M pursuant to Article 5, each Plaintiff, on behalf of itself and its predecessors, successors and assigns, hereby forever releases, acquits and forever discharges Whittaker and its insurers (including but not limited to AISLIC, ISOP and Steadfast), SCLLC, RFI, RFI Realty, BRLLC, the Buyer, and SSCH and their respective officers, directors, shareholders, employees, agents, representatives, contractors, reinsurers consultants, subsidiaries, affiliates, predecessors, successors and assigns from any and all actions, causes of action, claims, demands, liabilities, damages, penalties, debts, losses, costs, expenses and fees (including, without limitation, litigation costs and attorney and consultant fees) of every kind and nature whatsoever, in law and in equity, in connection with the Project. The releases provided in this Section 12.1.3 exclude any Third Party Claims arising after the Effective Date related to alleged exposure to or release of perchlorate or other chemicals caused by Plaintiffs' operation of the Project, other than Third Party Claims resulting from the Plaintiffs' negligence or willful misconduct in operation of the Project.

12.1.4 Plaintiffs agree that the Steadfast PLC policy no. PLC 3598792-00 issued by Steadfast to Defendants has been exhausted by Steadfast's deposit into the SF Escrow 1 Account and the SF Escrow 2 Account of the remaining limits of this pollution liability coverage (**"Steadfast PLC Policy"**) insurance policy, with Plaintiffs waiving any and all purported rights and claims they have or may have against such PLC Policy. Plaintiffs waive and release any and all purported rights and claims they have or may have against the Steadfast EOC policy no. 3554336.

12.1.5 Each of the Plaintiffs has filed a proof of claim in each of the Bankruptcy Cases in which RFI and SCLLC are the debtors asserting the liquidated and unliquidated claims alleged by them against RFI and SCLLC in the Underlying Action (**"Proofs of Claim"**). In place of the Proofs of Claim, Plaintiffs shall have a single allowed claim against the Debtors, and each of them, in the Bankruptcy Cases in an amount equal to the obligations of Debtors pursuant to this Agreement (**"Allowed Claim"**) and the Final Approval Order shall so provide. Except to the extent that certain funds in SF Escrow 1 will be paid on behalf of Defendants to Plaintiffs and to fund escrow accounts for the benefit of Plaintiffs pursuant to this Agreement, and the Coverage and Claims Settlement Agreement, Plaintiffs waive any right to any payment or distribution of assets, property or funds of the estates of the Debtors in the Bankruptcy Cases by reason of their Allowed Claim and such Proofs of Claim shall be deemed satisfied by the consideration furnished by Debtors pursuant to this Agreement. Plaintiffs further agree that, notwithstanding any other provision of this Agreement, their sole recourse against the Debtors and any reorganized Debtors pursuant to a plan of reorganization approved by the Bankruptcy Court, for any and all actions, causes of action, claims, demands, liabilities, damages, penalties, debts, losses, costs, expenses and fees (including, without limitation, litigation costs and attorney

and consultant fees) of every kind and nature whatsoever, in law and in equity against the Debtors shall be the SF Escrow 1 Account.

12.1.6 Plaintiffs agree that this Settlement does not compromise, release, diminish or adversely affect the rights of Debtors or their successors in interest to enforce obligations, if any, of SCWC and/or NCWD to provide water to the Property pursuant to the documents attached collectively as Exhibit Z.

12.1.7 Plaintiffs agree that: (i) the Steadfast PLC Policy is released by all such Plaintiffs such that no Plaintiff can assert any claim against the Steadfast PLC Policy; and (ii) the Steadfast EOC Policy is released by all such Plaintiffs such that no Plaintiff can assert any claim against the Steadfast EOC Policy.

12.2 Bankruptcy Releases.

Debtors, acting on behalf of themselves and on behalf of each of their bankruptcy estates, shall release the Plaintiffs from any and all claims, obligations, causes of action and liabilities (i) under any of sections 542, 544, 545, 547, 548, 549, or 553 of the Bankruptcy Code to avoid any alleged transfer to or seek turnover from a Plaintiff, (ii) under section 550 of the Bankruptcy Code to recovery any such alleged transfer, (iii) under section 510(c) of the Bankruptcy Code to subordinate any claim of a Plaintiff, and (iv) under Section 502(d) or 502(j) of the Bankruptcy Code.

12.3 Civil Code Section 1542

12.3.1 The Parties to this Agreement have read and fully understand the statutory language of Section 1542 of the Civil Code of State of California ("Section 1542"), which reads as follows: "A general release does not extend to claims which the creditor does not know or

suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

12.3.2 As to the releases given in Section 12.1 and 12.2, each Party hereto acknowledges that it may hereafter discover facts different from, or in addition to, the facts which it now knows or believes to be true with respect to the perchlorate groundwater contamination in the area of the Site or Subject Wells, and that it is each Party's intention to specifically waive and relinquish any and all protections, privileges, rights and benefits under Section 1542 as to the claims to be specifically released under Sections 12.1 and 12.2.

12.4 Dismissal of Underlying Action

Within forty-five (45) Days after the Effective Date, and provided that the Defendants have paid to Plaintiffs the full amount required to be paid within thirty (30) days after the Effective Date of this Agreement, the Plaintiffs shall file a request for dismissal, with prejudice to the extent expressly released herein and otherwise without prejudice, of the claims asserted in the Underlying Action and, thereafter, shall do whatever is required to effectuate such dismissal.

12.4.1 With respect to any claims dismissed without prejudice, the Parties agree not to assert any statute of limitation or equitable defense based on the passage of any period of time prior to, at a minimum, one year after the Effective Date of this Agreement (the "Tolled Period"). The Tolled Period will be extended automatically for an additional three years (the "Extended Period") unless a Party determines to terminate the Tolled Period at that Party's sole discretion, and provides written notice at any time within the Extended Period, of a specific date, set no earlier than ten days from the date of such written notice. Any applicable statutes of limitation or equitable defense based on the passage of time shall begin to run after four years have elapsed from the Effective Date, or after an earlier date that may be set in accordance with

the foregoing termination of the Extended Period. Notwithstanding anything in this Section, and unless the Extended Period is terminated by a Party, the Parties agree to meet and confer before the expiration of the Extended Period to consider renewal of the tolling period for up to an additional four years in accordance with California Code of Civil Procedure Section 360.5.

12.4.2 With respect to any claims Plaintiffs may allege to have with respect to or arising out of the presence of perchlorate or other hazardous substances, wastes or materials in the groundwater, soil or surface water at or in the vicinity of the Site, Plaintiffs agree to forebear from bringing any action in any court based on such claims for the Tolled Period of one year after the Effective Date of this Agreement and for any additional period of time that the Extended Period is in effect in accordance with subsection 12.4.1 (the "Forbearance Period"). The Forbearance Period shall run concurrently with the Tolling Period and any Extended Period, and the Parties may, by mutual agreement, renew the Tolling and/or Extended Periods in accordance with subsection 12.4.1. Subsections 12.4.1 and 12.4.2 expressly do not apply to any claims that may be asserted in accordance with the provisions of Section 11.2 (Rapid Response Fund), above, and any defenses thereto.

12.5 Notification Regarding Use of Well Disinfectant

Prior to performing any disinfection of any of the Subject Wells or Threatened Wells, Plaintiffs agree to provide Whittaker and AISLIC with 10 days written notice. Prior to applying any disinfecting product or solution down-hole, one water sample will be collected from the Well and analyzed for perchlorate. After all down-hole operations are completed, and prior to putting the Well back into service, one water sample will be collected and analyzed for perchlorate. In addition, one sample of the product or solution to be used for down-hole disinfection will be collected and analyzed for perchlorate. Plaintiffs further agree that in all

other respects, they will follow the American Water Works Association's "AWWA Standard For Disinfection Of Wells", dated November 1, 2003, attached hereto as Exhibit CC, and that Plaintiffs will timely provide Whittaker and AISLIC with the analytic results of the above-referenced three samplings, as well as copies of a completed Worksheet containing the information called for in the AWWA's sample Worksheet that is attached hereto as part of Exhibit CC. All three (3) samples will be tested for perchlorate using the approved United States Environmental Protection Agency (EPA) and DHS Method 314.0 and report the results using a detection limit for reporting (DLR) of 4 ppb. Plaintiffs agree to use the most current perchlorate test method and DLR approved by DHS for drinking water in the event Method 314 is revised in the future.

ARTICLE 13. DISPUTE RESOLUTION

13.1 Disputes Governed by Article 13

All disputes between Parties to this Agreement arising out of or related to this Agreement, including the interpretation, enforcement or breach of this Agreement, (excluding disputes to be decided by the Cost Consultant, which are to be resolved pursuant to Article 7), are subject to the dispute resolution procedures contained in this Article 13.

13.1.1 Procedures Applicable To All Disputes Governed by Article 13

13.1.1.1 Additional Procedural Requirements. The procedural rules of the arbitration herein shall be supplemented by any non-conflicting arbitration procedures of the Judicial Arbitration and Mediation Service (**"JAMS"**) Comprehensive Arbitration Rules & Procedures, or such other alternative dispute resolution provider as may be agreed upon by the parties to the dispute in writing, applicable to commercial arbitration and may be modified by agreement of the parties to the dispute (the "Rules"). If any provision of this Agreement conflicts with the Rules, then this Agreement shall govern.

13.1.1.2 Retention of Consultants. The arbitrator may seek the approval of the parties to the dispute to retain a consultant. The arbitrator shall provide to all parties to the dispute an explanation for the need for the consultant, the consultant's identity, hourly rate, and the estimated costs of the service. All parties to the dispute must approve the retention of the consultant and, if retention of the consultant is approved, the parties to the dispute shall share equally the costs of the consultant. The consultant's cost shall not exceed ten thousand ($10,000) without the prior written consent of the parties to the dispute.

13.2 Expedited Arbitration Procedures

13.2.1 Notice of Dispute; Good Faith Meeting; Demand for Arbitration

Any Party who perceives that a dispute has arisen which is subject to the dispute resolution procedures contained in this Article 13, other than Future Perchlorate Contamination Arbitration or Lump Sum Arbitration governed by Section 13.3 below, may give written notice of such dispute to all other Parties. The Parties shall meet to resolve the dispute within seven (7) Working Days after receipt of such written notice by the last Party to receive it. If the Parties are unable to resolve the dispute in good faith within fifteen (15) Days after receipt of such written notice by the last party to receive it, the Party that gave written notice of the dispute may initiate the arbitration procedure described below by delivery of a Demand for Arbitration to all other Parties (excluding any that no longer legally exist) no later than thirty (30) Days after receipt of the written notice of such dispute by the last party to receive it.

13.2.2 Approved Arbitrators

Disputes subject to the expedited arbitration procedure set forth in this section 13.2 shall be decided by one impartial arbitrator qualified to serve as an arbitrator. The list in Exhibit AA consists of five (5) approved arbitrators; however, on or about the third

anniversary of the effective date of this agreement, the parties shall meet and agree to a list of five arbitrators for the next three year period, and the same process shall take place on each third anniversary thereafter. The list of arbitrators may be supplemented by mutual agreement of the Parties in writing. An arbitrator shall be chosen by agreement of the parties involved in the dispute. If the parties involved in the dispute are unable to reach agreement, the one arbitrator shall be selected by each side (Defendants and AISLIC being considered one side for purposes of such strikes) striking one arbitrator from the list in succession (beginning with Plaintiffs) until only one arbitrator remains. Plaintiffs shall strike one arbitrator within two (2) Working Days of notice of the arbitration. Each successive strike shall take place within two (2) Working Days thereafter. Notice shall be given pursuant to the provisions of Section 15.4 hereof. If the list of five (5) approved arbitrators needs to be supplemented in order to assure a complete list of five (5) available arbitrators before such a selection, the parties to the dispute shall supplement the list by mutual agreement, or in the absence of such agreement, the list shall be supplemented by the Judicial Arbitration and Mediation Service ("JAMS") in Los Angeles (or a mutually agreeable substitute). If the method described above does not identify a person available to act as arbitrator for any particular dispute, the parties involved in the dispute shall use their best efforts to select an arbitrator by mutual agreement. If the parties to the dispute are unable to reach agreement, the listing process set forth by JAMS Rule 15 shall govern.

13.2.3 Expedited Arbitration

Plaintiffs and Defendants and AISLIC shall, within fifteen (15) Working Days after receipt of a Demand for Arbitration pursuant to Section 13.2.1, above, provide written statements of position to the arbitrator, with copies to the other Parties, setting forth their respective positions. Within ten (10) Working Days after receipt of such a written statement of

position, any party may provide a rebuttal to the arbitrator, with copies to the other Parties. Evidentiary hearing and oral argument of the disputed matter shall be held no earlier than fifteen (15) Working Days after delivery of the rebuttal summaries, and should be scheduled at the earliest available convenient time for the parties to the dispute and the arbitrator. The arbitrator shall render a binding written opinion, including detailed findings of fact and conclusions of law, within ten (10) Working Days after the conclusion of the evidentiary hearing and oral argument.

In any such arbitration in which the written opinion is rendered by the arbitrator prior to the arbitrator's determination of the Lump Sum pursuant to Section 5.2.6 and 13.3, the arbitrator's fees shall be a Project O&M Cost. The award by the arbitrator may include the award of reasonable attorney's fees to the prevailing party, if the arbitrator finds that there is a "prevailing" party. The arbitrator will inter alia be empowered to award response costs or damages. The arbitrator will not be empowered to award injunctive or declaratory relief or award punitive damages or determine coverage issues under the AISLIC Policy. In awarding damages resulting from a breach of the Agreement, the arbitrator may take into consideration, among other things, any disruption to the Project, lost production capacity in the Subject Wells, and costs of replacement water resulting from Defendants' breach of their funding obligations hereunder. Any arbitration award against the Debtors is subject to Section 2.5 herein. The Parties acknowledge and agree that each of the Plaintiffs, in its sole discretion, reserves the right to seek declaratory and/or injunctive relief in a state or federal court action against Defendants, notwithstanding the initiation or resolution of any arbitration proceeding under this Article 13. The Plaintiffs agree that they will refrain from pursuing any claim or lawsuit for injunctive or declaratory relief against Defendants based on the same factual circumstances, pending receipt of the arbitrator's determination. The Parties understand and agree that the record from any

arbitration will be admissible in any future claim or lawsuit by Plaintiffs against Defendants or AISLIC, or by Defendants or AISLIC against Plaintiffs, for injunctive or declaratory relief based on the same factual circumstances.

13.3 Procedures Applicable To Arbitration of Future Perchlorate Contamination Disputes And Arbitration of Lump Sum

13.3.1 Panel of Arbitrators. Future Perchlorate Contamination Disputes pursuant to Article 10 hereof and Arbitration of Lump Sum pursuant to Section 5.2.6 and 9.1.7 hereof shall be decided by a panel of three impartial arbitrators qualified to serve as arbitrators. The list in Exhibit "BB" consists of eleven (11) approved arbitrators. The list of arbitrators may be supplemented or amended by mutual agreement of the Parties in writing. An arbitration panel of three (3) shall be chosen by agreement of the parties involved in the dispute. If the parties involved in the dispute are unable to reach agreement, the panel of three (3) arbitrators shall be selected by each side striking one arbitrator from the list in succession (beginning with Plaintiffs) until only a panel of three arbitrators remains. Plaintiffs shall strike one arbitrator within five (5) Working Days of notice of the arbitration. (Defendants and AISLIC being considered one side for purposes of such strikes.) Each successive strike shall take place within two (2) Working Days thereafter. Notice shall be given pursuant to the provisions of Section 15.4 hereof. If the list of eleven (11) approved arbitrators needs to be supplemented in order to assure a complete list of eleven (11) available arbitrators before such a selection, the parties to the dispute shall supplement the list by mutual agreement, or in the absence of such agreement, the list shall be supplemented by the Judicial Arbitration and Mediation Service ("JAMS") in Los Angeles (or a mutually agreeable substitute). If the method described above, does not identify a person available to act as arbitrator for any particular dispute, the parties involved in the dispute shall

use their best efforts to select an arbitrator by mutual agreement. If the parties to the dispute are unable to reach agreement, the listing process set forth by JAMS Rule 15 shall govern.

13.3.2 Election to Arbitrate.

13.3.2.1 Future Perchlorate Contamination Disputes

If there is a dispute with respect to Future Perchlorate Contamination pursuant to Article 10 hereof, any Plaintiff may elect, in its sole discretion, to arbitrate said Future Perchlorate Contamination dispute in accordance with the provisions of Article 10 and this Section 13.3.2. A Plaintiff electing to arbitrate shall initiate the arbitration procedure described below by delivery of a Demand for Arbitration to all other Parties (excluding any that no longer legally exist) no later than thirty (30) Days either (i) after receipt of Whittaker's decision regarding an acceptable AISLIC Future Perchlorate Determination of Coverage as required by Section 10.1.1, or (ii) the expiration of the Notice Period under Section 10.1.1, whichever is later. Within fifteen (15) days of the selection or determination of the panel of arbitrators pursuant to Article 13.2.1 hereof, each party to the dispute shall submit to the arbitrators, and serve on all parties to the arbitration, a short statement of the dispute, their respective positions, and a proposed discovery and hearing schedule. The arbitrators shall be empowered to resolve all issues of law and fact relating to the dispute, including without limitation any issues relating to liability, compensatory damages, response costs and/or the nature and scope of the remedy associated with the presence of perchlorate, but shall not be empowered to award injunctive or declaratory relief. However, the arbitrators designated for any Future Perchlorate Contamination Dispute, may retain continuing jurisdiction after they render a final, binding decision to resolve any additional response cost and damage claims thereafter arising from the same, continuous or related pollution conditions that are involved in the dispute

for which they originally were designated. The Parties acknowledge and agree that each of the Plaintiffs, in its sole discretion, reserves the right to seek declaratory and/or injunctive relief in a state or federal court action against Defendants respecting any Future Perchlorate Contamination Dispute, notwithstanding the initiation or resolution of any arbitration proceeding under this Article 13. The Plaintiffs agree that they will refrain from pursuing any claim or lawsuit for injunctive or declaratory relief against Defendants based on the same factual circumstances, pending receipt of the arbitrator's determination.

13.3.2.2 Lump Sum Arbitration

If Plaintiffs, Whittaker, or AISLIC desire to initiate Lump Sum Arbitration pursuant to Section 5.2.6 and/or 9.1.7, the requesting party shall give written notice to all other Parties. The Parties shall meet and confer to resolve the dispute within fifteen (15) days after receipt of such written notice by the last Party to receive it. If the Parties are unable to resolve the dispute in good faith, the party that gave written notice of the dispute may initiate the arbitration procedure described below by delivery of a Demand for Arbitration to all other Parties (excluding any that no longer legally exist) no later than fifty (50) Days after receipt of the written notice of such dispute by the last party to receive it. Within fifteen (15) days after the selection or determination of the panel of arbitrators pursuant to Article 13.3.1 hereof, Plaintiffs, Whittaker and AISLIC shall submit to the arbitrators and serve on all parties to the arbitration a short statement of the dispute, their respective positions, and a proposed discovery and hearing schedule. The arbitrators shall be empowered to resolve all issues of fact and law relating to said Lump Sum Arbitration.

13.3.3 Preliminary Hearing. Within thirty (30) days after selection or determination of the panel of arbitrators, the arbitrators shall schedule a preliminary hearing. At

the preliminary hearing, the arbitrators shall decide any discovery and briefing issues and set dates, including a hearing date. In resolving discovery issues, the arbitrators shall consider expedition, cost effectiveness, fairness, and the needs of the Parties for adequate information with respect to the dispute.

13.3.4 Commencement of Arbitration. The arbitration hearing shall be scheduled no later than ninety (90) days after the initial preliminary hearing, unless the parties to the dispute mutually agree in writing to extend the date or the arbitrators extend the date.

13.3.5 Decision of Panel Of Arbitrators Final. The arbitrators shall make a written decision, specifying the reasons for the decision, including detailed findings of fact and conclusions of law, within sixty (60) days after the hearing. The decision of at least two (2) of the three (3) panel members shall be binding and final, and there shall be no right to appeal the decision; provided, however, any party to the dispute may seek vacation or correction of the Panel's decision pursuant to California Code of Civil Procedure Section 1286.2 (Grounds for vacation of award) or Section 1286.6 (Grounds for correction of award). Plaintiffs and Defendants, each collectively, shall equally share the expense of the three arbitrators and the arbitration proceeding. The arbitrators will be empowered *inter alia* to award response costs and damages. The arbitrators will not be empowered to award injunctive or declaratory relief or award punitive damages or determine coverage issues under the AISLIC Policy. Any arbitration award against the Debtors is subject to Section 2.5 herein. The Parties understand and agree that the record from any arbitration will be admissible in any future claim or lawsuit by Plaintiffs against Defendants for injunctive or declaratory relief based on the same factual circumstances.

13.3.6 Time Period to Complete Arbitration. The arbitration shall be completed within one hundred fifty (150) days of the preliminary hearing, unless the parties to the dispute mutually agree in writing to extend the date or the arbitrators extend the date.

13.4 Entry of Judgment.

Judgment on the award rendered by the arbitrator(s) may be entered in and enforced by any court of competent jurisdiction.

13.5 Location.

Arbitration proceedings, including hearings, good faith meetings and settlement conferences, shall take place in Los Angeles, California, unless otherwise agreed to by the parties in writing. The Parties shall have the right to participate in any of the arbitration proceedings by telephone.

13.6 Governing Law.

The arbitration, including any proceedings to enforce, confirm, modify or vacate an award, and any proceedings to enforce the terms of this Agreement, shall be governed by the laws of the State of California and applicable federal law.

ARTICLE 14. INSURANCE ISSUES RELATED TO THE AISLIC POLICY

14.1 Condition M of AISLIC Policy

The Parties acknowledge and agree that Condition M of the AISLIC Policy provides as follows:

> Action Against Company – No action shall lie against the Company, unless as a condition precedent thereto, there shall have been full compliance with all of the terms of this Policy, nor until the amount of the Insured's obligation to pay shall have been finally determined either by judgment against the Insured after actual trial or by written agreement of the Insured, the claimant and the Company.
>
> Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this Policy to the extent of the insurance afforded by the Policy. No person or organization

shall have any right under this Policy to join the Company as a party to any action against the Insured to determine the Insured's liability, nor shall the Company be impleaded by the Insured or his legal representative. Bankruptcy or insolvency of the Insured or of the Insured's estate shall not relieve the Company of its obligations hereunder.

14.2 Effect of This Agreement Under Condition M

Solely to resolve the effect of this Agreement under Condition M of the AISLIC Policy, and not to apply to or affect any other provision of the AISLIC Policy, or affect the terms of the Coverage and Claims Settlement Agreement, nor to affect any other claims for coverage by Whittaker, the Parties agree as set forth in this Section 14.2 as follows. Provided that an arbitration award or Cost Consultant determination is issued pursuant to and in accordance with this Agreement, including but not limited to Articles 7 and 13, and that (a) the time for filing a petition to vacate or correct the arbitrator's or Cost Consultant's decision has expired or such filing has been waived by agreement or (b) any petition filed to vacate or correct the arbitrator's or Cost Consultant's decision, pursuant to Cal. Code of Civil Procedure Section 1286.2 (Grounds for vacation of award) or Section 1286.6 (Grounds for correction of award), is finally adjudicated or dismissed (hereinafter referred to as "Final Arbitration Awards"), AISLIC and Whittaker agree as follows:

i) a Final Arbitration Award issued in favor of Plaintiffs and against Whittaker pursuant to and in accordance with this Agreement shall be deemed to be "a judgment against Insured [Whittaker] after actual trial"; and

ii) any written settlement agreement executed by Plaintiffs, Whittaker, and AISLIC or executed by Plaintiffs and Whittaker (with written consent of AISLIC) on issues or disputes presented to or which could properly be presented to an arbitrator(s) or Cost Consultant pursuant to this Agreement shall be deemed to be

"written agreement of the Insured [Whittaker], the claimant [Plaintiffs] and the Company [AISLIC]", as those quoted phrases are used in Condition M "Action Against Company" of the AISLIC Policy.

14.3 Written Agreement

This Agreement shall be deemed to be "written agreement of the Insured [Whittaker], the claimant [Plaintiffs] and the Company [AISLIC]" as that quoted phrase is used in Condition M "Action Against Company" of the AISLIC Policy.

14.4 Full Compliance

AISLIC agrees that, as of the date that AISLIC executes this Agreement, Whittaker's actions have been in "full compliance with all of the terms of [the AISLIC] Policy" with respect to this Agreement, as said quoted phrase is used in Condition M "Action Against Company" of the AISLIC Policy.

14.5 Covered Claims

Except with respect to the negotiation, arbitration, or litigation of a Non-Subject Well Future Perchlorate Circumstance, AISLIC agrees that (1) all costs, expenses, and obligations incurred by Whittaker pursuant to this Agreement shall be treated as a covered claim under AISLIC Policy Coverages A, B, C, D, E, or F, without reservation of coverage rights to the extent that limits remain under AISLIC Policy Coverages A-F and (2) all costs, expenses, and obligations incurred by Whittaker pursuant to this Agreement shall be paid from either SF Escrow 1, from SF Escrow 2 (under Section IV.F.6.a(iii) of the Coverage and Claims Settlement Agreement), or from any remaining applicable limits of the AISLIC Policy under Coverages A, B, C, D, E, or F, as provided in the Coverage and Claims Settlement Agreement.

14.6 Proceedings Under Article 10

With respect to the negotiation, arbitration, or litigation of a Non-Subject Well Future Perchlorate Circumstance pursuant to Article 10 of this Agreement, AISLIC affirms that it agrees to abide by the obligations set forth in that Article 10. In the event that AISLIC makes a determination of coverage and Whittaker notifies of its satisfaction with such determination pursuant to Article 10 of this Agreement, then the agreements, rights and obligations set forth in Section 14.2 of this Article 14 shall apply with respect to the arbitration of such Non-Subject Well Future Perchlorate Circumstance.

14.7 AISLIC Reservation of Rights

AISLIC reserves all rights of subrogation or contribution pursuant to the AISLIC policy and law with respect to any payments made hereunder, except any claims of subrogation or contribution against the Plaintiffs.

14.8 No Amendment or Waiver

Without limiting the obligations of Whittaker and AISLIC as set forth in this Article 14 of this Agreement, nothing herein shall constitute an amendment of any terms or conditions of the Coverage and Claims Settlement Agreement (including but not limited to, those terms related to funding of settlement of the Underlying Action), or a waiver or amendment of any duties, obligations, reservations, or rights, if any, of AISLIC or Whittaker under the Coverage and Claims Settlement Agreement. In particular, but not by way of limitation, AISLIC and Whittaker disagree over whether Section VI.C.3 of the Coverage and Claims Settlement Agreement independently obligates AISLIC to cover future perchlorate claims without reservation of rights and whether and to what extent, if any, AISLIC has reserved its defenses to

coverage. Nothing in this Article 14, is intended to affect, or shall affect, the resolution of that dispute.

14.9 Coverages K and L

Reference in this Article 14 to Coverages A-F shall not under any circumstances be deemed to affect any duties, obligations, reservations, or rights, if any, of AISLIC or Whittaker with respect to Coverages K and L. In particular, but not by way of limitation, the Parties agree that Coverages K and L are under all circumstances limits of liability that are "inapplicable" to Loss sustained for Clean-up Costs incurred after the Termination Date of the AISLIC Policy.

14.10 Additional Clarifications Regarding AISLIC Policy and Other Agreements

14.10.1 Nothing in this Agreement confers the status of an insured or additional insured or the rights of an insured or additional insured with respect to the AISLIC Policy on any person or entity.

14.10.2 Except as expressly set forth in this Article 14, this Agreement does not alter the rights, duties and obligations between Whittaker and AISLIC under (a) the AISLIC Policy or (b) any other agreements, including but not limited to the Coverage and Claims Settlement Agreement.

14.10.3 The parties agree that nothing in this Agreement shall under any circumstances require AISLIC to make any payment or fulfill any duty or obligation after its applicable limit of liability is exhausted.

14.10.4 Nothing herein shall be deemed or interpreted to alter or amend, nor waive or affect, the terms of Condition C of Section VII, Conditions of the AISLIC Policy.

14.10.5 Nothing herein shall be construed to affect any rights of Whittaker against any of its insurers other than AISLIC or under any of its insurance policies other than the AISLIC Policy.

ARTICLE 15. PUBLIC AND OTHER FUNDING SOURCES

15.1 Background of Intent of the Parties

In entering into this Agreement, the Parties are aware that federal and state Public Funding Sources may be or become available to assist in implementing the Project as well as remedial and/or source control activities to be conducted at or in the vicinity of the Site respecting perchlorate contamination. Federal funds may be available by virtue of the United States Department of Defense involvement and activities conducted at or in the vicinity of the Site. State funds may be available to assist in evaluating and implementing an investigatory/remedial program that may be regionally based, including but not limited to the restoration/containment work contemplated under this Agreement and remedial source control activities to be conducted at the Site.

15.2 Obtaining Funds from Public Funding Sources

The Plaintiffs shall use good faith efforts, in a manner consistent with each of the Plaintiffs' and their representatives' individual and unique obligations under applicable law, to obtain funds from Public Funding Sources so as to provide for reasonable and necessary: (1) costs associated with the Project, including costs to implement the Project, Project Modification, and cost overruns, as identified by Plaintiffs; (2) continued off-Site groundwater monitoring with respect to perchlorate contamination; (3) off-Site response activities in the alluvium and Saugus Formation that address perchlorate contamination; and (4) on-Site source removal activities with respect to perchlorate contamination. To the extent permissible under all applicable laws and the requirements of specific funding authorizations, funding from Public Funding Sources shall

be allocated, credited, and utilized to cover any of the aforementioned categories of reasonable and necessary costs in the above order of priority. The Parties shall comply with all applicable laws, rules and regulations regarding lobbying disclosures in their efforts to obtain funding from Public Funding sources. Whittaker shall cooperate in seeking such funds.

Prior to determination of the Lump Sum pursuant to Section 5.2.6, the reasonable and necessary outside consultant lobbying costs incurred by Plaintiffs and Whittaker that are directly related to the perchlorate contamination and seeking of funding under this Article, shall be Project O&M Costs, and will be included in the Estimate of Project O&M, subject to an annual cap of two hundred thousand dollars ($200,000) on Plaintiffs' outside fees and costs and one hundred thousand dollars ($100,000) on Whittaker's outside fees and costs. In no event shall such "outside fees and costs" include campaign donations or similar donations. Upon request of any Party, a full accounting of such costs shall be provided. The obligation to reimburse lobbying costs shall cease in the year 2011, but such costs may be requested thereafter upon a showing of both good cause and positive results, but in no event later than January 1, 2019.

15.3 Administration of Funds from Public Funding Sources

Plaintiffs shall document, account for, and administer all Public Funding Sources funds received by them in conformity with all applicable laws and all requirements of the administrators of Public Funding Sources.

15.4 Conformity with Public Funding Sources Requirements

Plaintiffs shall design, build, operate and maintain their respective restoration/containment work projects contemplated under this Agreement in conformity with all applicable requirements of the Public Funding Sources from which funds have been secured. If Public Funding Sources have requirements which conflict with this Agreement, the Parties shall

meet and negotiate in good faith to amend this Agreement to conform to the requirements of the Public Funding Sources in a manner that preserves the purposes for the use of such funds as much as possible in a manner consistent with the Parties' intent as contemplated in this Agreement. Notwithstanding any of the provisions of this Article 15 or any other provision of this Agreement, nothing in this Agreement is intended to waive or otherwise effectuate a release, nor shall any Party provide a release of the United States Department of Defense or any other agency or instrumentality of the United States in connection with any alleged liability same may have under federal or state law arising out of or relating to any involvement in operations, waste disposal, or other activities at or in the vicinity of the Site.

ARTICLE 16. MISCELLANEOUS

16.1 Governing Law

This Agreement shall be construed and enforced in accordance with the substantive laws of the State of California, without reference to choice of law rules.

16.2 Waiver

No waiver by a Party of any provision of this Agreement shall be valid unless in writing and signed by an authorized representative of such Party. The waiver by any Party of any failure on the part of another Party to perform any of its obligations under this Agreement shall not be construed as a waiver of any future or continuing failure or failures.

16.3 Amendment of the Agreement

No amendment of this Agreement shall be binding upon the Parties unless it is in writing and executed by all of the Parties (excluding any that no longer legally exist or that do not respond to communications directed to the address for that Party specified below or to such other address as has been designated in accordance with Section 16.4). This Agreement and the

exhibits attached hereto set forth all of the covenants, provisions, agreements, conditions and understandings with respect to the matters addressed in this Agreement and constitute a complete integration.

16.4 Notices

All notices and communications required or permitted to be delivered to the Parties, Steadfast and any Buyer pursuant to this Agreement shall be in writing and (a) delivered personally or (b) sent by a recognized overnight mail or courier service, with delivery receipt requested, or (c) sent by facsimile communication with receipt confirmed by telephone, to the following addresses (or to such other address as may from time to time be specified in writing by the addressee):

Castaic Lake Water Agency
27234 Bouquet Canyon Road
Santa Clarita, CA 91350-2173
Attn: Dan Masnada, General Manager
Telephone: (661) 297-1600
Facsimile: (661) 297-1610
E-mail: dmasnada@clwa.org

Valencia Water Company
24631 Rockefeller Ave.
P. O. Box 5904
Valencia, CA 91385-5904
Attn: Robert J. DiPrimio, President
Telephone: (661) 294-1150
Facsimile: (661) 294-3806
E-mail: rdiprimio@valencia.com

Newhall County Water District
23780 North Pine St.
P. O. Box 220970
Santa Clarita, CA 91321-0970
Attn: Stephen L. Cole, General Manager
Telephone: (661) 259-3610
Facsimile: (661) 259-9673
E-mail: scole@ncwd.org

Santa Clarita Water Company
22722 West Soledad Canyon Road
P. O. Box 903
Santa Clarita, CA 91380-9003
Attn: William J. Manetta, President
Telephone: (661) 259-2737
Facsimile: (661) 286-4333
E-mail: wmanetta@scwater.org

with a copy for all of the above to:

Nossaman, Guthner, Knox & Elliott LLP
445 South Figueroa Street, 31st Floor
Los Angeles, CA 90071-1602
Attn: Frederic A. Fudacz, Esq.
Telephone: (213) 612-7823
Facsimile: (213) 612-7801
E-mail: ffudacz@nossaman.com

Whittaker Corporation
Eric Lardiere, Esq.
Vice-President, Secretary and General Counsel
Whittaker Corporation
1955 N. Surveyor Ave.
Simi Valley, CA 93063-3349
E-mail: elardiere@wkr.com

with copies for Whittaker Corporation to:

Reynold L. Siemens, Esq.
Heller Ehrman LLP
333 S. Hope Street
Suite 3900
Los Angeles, CA 90071-3043
Fax: 213-614-1868
Email: rsiemens@hewm.com

and

Richard A. Dongell, Esq.
Dongell Lawrence Finney Claypool LLP
707 Wilshire Boulevard, 45th Floor
Los Angeles, CA 90017
213-943-6100 telephone
213-943-6101 facsimile

American International Specialty Lines Insurance Company as Administrator of SF Escrow 1:

Stacy Parker, Complex Claim Director
AIG Domestic Claims, Inc.
Pollution Insurance Products High Profile Unit
175 Water Street, 12th Floor
New York, New York 10038
Telephone: (212) 458-2910
Fax: (866) 261-3935

with a copy to:

Richard W. Bryan, Esq.
Erin N. McGonagle, Esq.
Jackson & Campbell, P.C.
1120 20th Street, N.W.
Washington, DC 20036-3437
Telephone: (202) 457-1600
Fax: (202) 457-1678

Santa Clarita, L.L.C.
Remediation Financial, Inc.
Remediation Financial, Inc., Managing Member
Great American Tower
3200 N. Central Avenue, Suite 1570
Phoenix, Arizona 85296
Attn: Myla D. Bobrow, Pres. & CEO
Remediation Financial, Inc.

with a copy for Santa Clarita, L.L.C. and Remediation Financial, Inc. to:

Lawrence J. Hilton, Esq./William E. Halle, Esq.
Hewitt & O'Neil LLP
19900 MacArthur Boulevard, Suite 1050
Irvine, California 92612

Bermite Recovery LLC
Remediation Financial, Inc., Managing Member
Great American Tower
3200 N. Central Avenue, Suite 1570
Phoenix, Arizona 85296
Attn: Myla D. Bobrow, Pres. & CEO
Remediation Financial, Inc.

with a copy for Santa Clarita, L.L.C., Remediation Financial, Inc., and Bermite Recovery LLC to:

Avion Holdings, Inc.
Re: Remediation Financial Inc.
Suite B-204
15290 N. 78th Way
Scottsdale, AZ 85260
Fax: 480-905-0469

and

Alisa C. Lacey, Esq.
Stinson Morrison Hecker, LLP
1850 N. Central Avenue, Suite 2100
Phoenix, AZ 85004-6925
Telephone: (602) 212-8628
Facsimile: (602) 586-5237
E-Mail: alacey@stinson.com

American International Specialty Lines Insurance Company

Stacy B. Parker, Complex Claim Director
AIG Domestic Claims, Inc.
P & C Severity Claims
Pollution Insurance Products High Profile Unit
175 Water Street, 12th Floor
New York, NY 10038
Telephone: (212) 458-6364
Facsimile: (866) 253-0395

with a copy to:

Richard W. Bryan, Esq.
Erin N. McGonagle, Esq.
Jackson & Campbell, P.C.
1120 20th Street, N.W.
Washington, DC 20036-3437
Telephone: (202) 457-1600
Facsimile: (202) 457-1678
E-mail: rbryan@jackscamp.com
emcgonagle@jackscamp.com

Steadfast Insurance Company

Zurich North America
1400 American Lane
Schaumberg, IL 60196
Attn: General Counsel
E claim # 912-0038512

with a copy for Steadfast to:

Terry D. Avchen, Esq.
Christensen, Miller, Fink, Jacobs, Glaser, Weil & Shapiro
10250 Constellation Boulevard, 19th Floor
Los Angeles, California 90067
Telephone: (310) 556-2920
Fax: (310) 556-2920

and

Neil Selman, Esq.
Selman Breitman, LLP
11766 Wilshire Blvd
6th Floor
Los Angeles, California 90025-6538
Telephone: (310) 689-7070
Fax: (310) 473-2525

Buyer:

SunCal Santa Clarita LLC
c/o SunCal Companies
21900 Burbank Blvd.
Woodland Hills, CA 12367
Attn: Frank Faye
Telephone: (818) 444-1600
Fax: (818) 444-5501

with copies to:

SunCal Companies
2392 Morse Avenue
Irvine, CA 92614
Attn: Mr. Bruce Elieff
Bruce V. Cook, Esq.
Telephone: (949) 777-4000
Facsimile: (949) 7774280

Cherokee Santa Clarita, LLC
c/o Cherokee Investment Partners
4600 Ulster Street
Suite 500
Denver, Colorado 80237
Attn: Mr. Dwight Stenseth
Mr. Guy Arnold
Telephone: (303) 689-1460
Facsimile: 303-689-1461

16.5 Computation of Time

In computing any period of time under this Agreement, where the last day would fall on a Saturday, Sunday, or federal or California state holiday, the period shall run until 5 p.m. Pacific Time on the next Working Day.

16.6 Counterparts

This Agreement will be executed in counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute one and the same instrument.

16.7 Assignment

No Party shall assign or otherwise transfer its rights or obligations hereunder without the other Parties' prior written consent, which shall not be unreasonably withheld. This Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the Parties.

16.8 Cooperation

Each Party agrees to execute and deliver such further documents and to perform such further acts as may be reasonable and necessary to carry out the provisions of this Agreement or to effectuate its intent.

16.9 Joint Drafting and Negotiation/Legal Counsel

This Agreement has been jointly negotiated and drafted. The language of this Agreement shall be construed as a whole according to its fair meaning and without regard to or aid of Civil Code Section 1654 and similar judicial rules of construction. Each Party has been advised in connection herewith by counsel of its own choosing.

16.10 Article and Section Headings and Captions

Article and Section headings and captions used in this Agreement are for reference only and shall not be considered in any way in connection with the interpretation or enforcement of this Agreement.

16.11 No Third Party Beneficiaries

No third party shall be entitled to claim or enforce any rights hereunder except (1) Buyer and BRLLC, but only to the extent expressly provided in this Agreement, and (2) persons specifically released in Section 12.1 are entitled to claim the benefit of and enforce such releases.

16.12 Severability

In the event that any provision of this Agreement is determined by a court to be invalid, the court shall reform the provision in a manner that is both consistent with the intent of the Parties and legally valid. The remainder of this Agreement shall not be affected thereby.

16.13 Successors and Assigns

All covenants and agreements contained in this Agreement by or on behalf of any of the Parties hereto shall bind and inure to the benefit of their respective successors and permitted assigns, whether so expressed or not, including any Trustee appointed in the Bankruptcy Cases or a subsequently converted Chapter 7 case or cases.

16.14 Organization/Authorization

Each of the Parties to this Agreement hereby respectively represents and warrants to the others that each of them is a duly organized or constituted entity, with all requisite power to carry out its obligations under this Agreement, and that the execution, delivery and performance of this Agreement have been duly authorized by all necessary action of the board of directors or other governing body of such Party, and will not result in a violation of such Party's organizational documents. RFI and SCLLC represent and warrant that, upon the Effective Date, this Agreement will have received any and all approvals required by the Bankruptcy Court in their respective bankruptcy cases to make this Agreement enforceable as against them.

16.15 No Assignment of Claims

Other than the assignment provided in Section VII of the Coverage and Claims Settlement Agreement and the assignment provided in the Purchase & Sales Agreement between RFI Parties and Whittaker, there has been no assignment of claims.

16.16 No Admission /Not Insurance

This Agreement effectuates settlement of claims that are disputed, contested and denied. Neither this Agreement nor any Party's performance under this Agreement is intended to be or shall be asserted by any other Party to be an admission of any kind or character whatsoever, nor

shall it be deemed to have precedential effect in any other dealings between or among the Parties in any other context. Nothing herein shall be deemed to constitute an insurance policy.

16.17 No Prejudice to Buyer

Nothing in this Agreement shall be construed to prejudice any rights, claims, or defenses, that a Buyer, as defined herein, of the Site may have under applicable federal or state law, or to impose any monetary obligations or liability on the Buyer.

16.18 Entire Agreement

Except as expressly provided herein, this Agreement is the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements between the Parties with respect thereto. In the event of any conflict between the terms of this Agreement and the Interim Agreement or the First Amendment, the terms of this Agreement shall control.

16.19 Survival

Except as expressly set forth herein, each and all of the releases, representations, warranties, covenants, and agreements in this Agreement and in the Interim Agreement shall survive the execution and delivery of this Agreement.

IN WITNESS WHEREOF, this Agreement has been executed by the undersigned, effective as of the date first written above.

CASTAIC LAKE WATER AGENCY

By: DAN MACHADA
Its: GENERAL MANAGER

NEWHALL COUNTY WATER DISTRICT

By: STEPHEN L. COLE
Its: General Manager

SANTA CLARITA WATER COMPANY

By: R. J. Kelly
Its: President

VALENCIA WATER COMPANY

By: Robert J. DiPrimio
Its: President

WHITTAKER CORPORATION

By: Eric G. Lardiere
Its: Vice President, Secretary and General Counsel

SANTA CLARITA, L.L.C.
By: Remediation Financial, Inc.,
Its: Managing Member

By: Myla D. Bobrow
Its: President & CEO

REMEDIATION FINANCIAL, INC.

By: Myla D. Bobrow
Its: President & CEO

AIG DOMESTIC CLAIMS, INC., the duly authorized claims handling agent of:

AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY, in its capacity as "Administrator" of "SF Escrow 1 Account" and as insurer of Whittaker

By:
Its:

WHITTAKER CORPORATION

_____

By: _____

Its: _____

SANTA CLARITA, L.L.C.

By: Remediation Financial, Inc.,

Its: Managing Member

Myla D. Bobrow, Pres & CEO

By: Myla D. Bobrow

Its: President & CEO

REMEDIATION FINANCIAL, INC.

Myla D. Bobrow, Pres & CEO

By: Myla D. Bobrow

Its: President & CEO

AIG DOMESTIC CLAIMS, INC., the duly authorized claims handling agent of:

AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY, in its capacity as "Administrator" of "SF Escrow 1 Account" and as insurer of Whittaker

_____

By: _____

Its: _____

WHITTAKER CORPORATION

_____

By:_____

Its: _____

SANTA CLARITA, L.L.C.

By: Remediation Financial, Inc.,

Its: Managing Member

_____

By: Myla D. Bobrow

Its: President & CEO

REMEDIATION FINANCIAL, INC.

_____

By: Myla D. Bobrow

Its: President & CEO

AIG DOMESTIC CLAIMS, INC., the duly authorized claims handling agent of:

AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY, in its capacity as "Administrator" of "SF Escrow 1 Account" and as insurer of Whittaker

Glenn M. Sirano

By: Glenn M. Sirano

Its: Director

REVIEWED AND APPROVED:

AVION HOLDINGS, LLC, in its limited capacity as designated representative for the Bankruptcy Estates.

By: G. Neil Elsey
Its: Managing Member

LIST OF EXHIBITS

Exhibit A	Description of SCLLC Property
Exhibit B	Description of BRLLC Property
Exhibit C	Description of Distribution Pipelines
Exhibit D	Pro-Forma Joint Estimate of Project O&M Costs
Exhibit E	Past Design Costs
Exhibit F	Project Description
Exhibit G	Estimate of Project Capital Costs
Exhibit H-1	Project Capital Costs Escrow Instructions
Exhibit H-2	Project O&M Costs Escrow Instructions
Exhibit I	Estimate of Q2 Capital Costs
Exhibit J	Q2 Capital Costs Joint Escrow Agreement and Instructions
Exhibit K-1	Amendment No. 1 to Joint Q2 Escrow Agreement and Instructions
Exhibit K-2	Amendment No. 2 to Joint Q2 Escrow Agreement and Instructions
Exhibit L	Estimate of Q2 O&M Costs
Exhibit M	Description of Magic Mountain Wells
Exhibit N	Description of Well Closure
Exhibit O	Description of Stadium Replacement Well
Exhibit P	Replacement Well/Distribution Pipeline Capital Costs Escrow Instructions
Exhibit Q	Description of V-206 Replacement Well and Closure of V157 Well
Exhibit R	Cost Allocation for Distribution Pipelines and Replacement Wells & Associated Pipelines
Exhibit S	Estimate of Distribution Pipelines and Replacement Wells Capital Costs
Exhibit T	List of Approved Contracts
Exhibit U	Identification of Presently Existing Saugus and Alluvial Production Wells
Exhibit V	Form of CGL Policy

Exhibit W	Form of EIL Policy
Exhibit X	Form of Earthquake Policy
Exhibit Y	Form of First Party Property Insurance Policy
Exhibit Z	Section 12.1.6 Documents
Exhibit AA	List of Approved Arbitrators
Exhibit BB	List of Approved Arbitrators for Future Perchlorate Contamination Disputes and Lump Sum Arbitration
Exhibit CC	AWWA Standard for Disinfection of Wells and Sample Worksheet

C. Taylor Ashworth, AZ Bar #010143
Alisa C. Lacey, AZ Bar #010571
Christopher Graver, AZ Bar #013235
STINSON MORRISON HECKER LLP
1850 N. Central Avenue, Suite 2100
Phoenix, Arizona 85004-4584
Tel: (602) 279-1600
Fax: (602) 240-6925

Attorneys for Debtors and Debtors-in-Possession

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF ARIZONA

In re RFI REALTY, INC., *et al.*, Debtors.	Chapter 11 Case No. 2-04-bk-10486-CGC JOINTLY ADMINISTERED WITH: 2-04-bk-11910-CGC; 2-04-bk-11911-CGC; and 2-04-bk-17294-CGC
THIS FILING APPLIES TO THE FOLLOWING DEBTORS: ■ ALL DEBTORS □ SPECIFIED DEBTORS	**SUPPLEMENT AND AMENDMENT TO MOTION TO ASSUME DEVELOPMENT AGREEMENT WITH CITY OF SANTA CLARITA PURSUANT TO 11 U.S.C. §365** **and** **NOTICE OF HEARING THEREON** **Hearing Date: 4/26/05** **Time: 1:30 p.m.** **Courtroom: 601**

RFI Realty, Inc. ("Realty"), Remediation Financial, Inc. ("RFI"), Santa Clarita, L.L.C. ("SCLLC"), and Bermite Recovery, L.L.C. ("Bermite"), debtors and debtors-in-possession in the above-referenced jointly administered bankruptcy proceedings ("Debtors"), pursuant to 11 U.S.C. §§ 106(a) and 365, Fed. R. Bank. P. 6006, and Local Rule 6006-1, supplement and amend their pending Motion to Assume Development Agreement with City of Santa Clarita Pursuant to 11 U.S.C. §365 ("Motion") as follows:

Request for Assumption by Bermite: The Motion requests approval for SCLLC to assume the Development Agreement (described at paragraph 9 of the Motion) which covers the SCLLC Parcel, a 996-acre parcel described at paragraph 5 of the Motion. Debtors inadvertently omitted to request in their Motion that the Development Agreement also be assumed by Debtor Bermite with respect to the Bermite Parcel. The Bermite Parcel, incompletely described in paragraph 6 of the Motion, is an approximately 23-acre portion of the original 996-acre SCLLC Parcel covered by the Development Agreement. The Motion correctly stated that the Development Agreement covers the 996 acres, but inasmuch as Bermite now owns 23 of those acres, Debtors request that the Court authorize the Development Agreement to be assumed by Bermite as it is applicable to Bermite in connection with Bermite's ownership interests in and to the Bermite Parcel.

Interested Parties. Any party who claims an interest in the Development Agreement or the Bermite Parcel has already been identified in the Motion.

No Defaults or Cure Obligations. Bermite is not in default under the Development Agreement. Further, Debtors have continued to investigate since filing the Motion, and have determined that no fees are due either by Bermite or by SCLLC to the Via Princessa B&T District or the Bouquet Canyon B&T District, and hereby amend the Motion to so allege.

Amendment to Allegations Concerning PERC Settlement. The Motion alleges, at paragraph 22, that the PERC settlement required SCLLC to take additional actions; it should have alleged that the PERC settlement required the *City* to take additional actions, the effect of which was to place burdens on the Development Agreement which SCLLC and Bermite had not bargained for. Specifically, the City contractually agreed with the PERC Plaintiffs - but not with SCLLC or Bermite - to apply a higher standard of environmental scrutiny and examination to certain portions of the Development Agreement and its Conditions of Approval under the California Environmental Quality Act ("***CEQA***") than might otherwise be permissible. Such a unilateral amendment to the Development Agreement and entitlements package of rights, upon which SCLLC and Bermite had the right to rely absent their express written approval to the contrary, is expressly prohibited by the Development Agreement and constitutes a breach of the City's obligation of good faith and fair dealing imposed upon it, as a contracting party, under California law.

Supplementation of Exhibit E. Page 4 of Exhibit E to the Motion (the PERC settlement) was accidentally omitted. Copies of the missing page have been provided to counsel. An amended Exhibit E, including page 4, is attached hereto.[1]

Hearing. The Motion has been noticed out for accelerated hearing on April 26, 2005, at 1:30 p.m. At that hearing Debtors will request approval of the Motion, as hereby supplemented and amended. This Supplement and Amendment is being served on all parties who received notice of the Motion.

Relief Requested. Except as supplemented and amended above, Debtors here incorporate the Motion by this reference, and request that the Court grant the relief requested therein as to Bermite as well as SCLLC, to the extent applicable to Bermite in connection with Bermite's ownership interests in and to the Bermite Parcel

RESPECTFULLY SUBMITTED this 13th day of April, 2005.

STINSON MORRISON HECKER LLP

By: /s/ CTG (#013235)

C. Taylor Ashworth
Alisa C. Lacey
Christopher Graver
1850 N. Central Avenue, Suite 2100
Phoenix, Arizona 85004-4584
Attorneys for Debtors

[1] To avoid confusion, Debtors have also redacted their counsel's extraneous handwritten note on page 5 of Amended Exhibit E.

Copy of the foregoing sent this 13th day of April 2005, to:

Fax

Allan H. Ickowitz, Esq.
Frederic A. Fudacz, Esq.
NOSSAMAN GUTHNER KNOX & ELLIOTT, LLP
445 South Figueroa Street, 31st Floor
Los Angeles CA 90071-1602
213-612-7800
213-612-7801
Attorneys for Castaic Lake Water Agency, Newhall County Water District, Santa Clarita Water Company, and Valencia Water Company

A. William Urquhart, Esq.
Keith A. Meyer, Esq.
QUINN EMANUEL URQUHART OLIVER & HEDGES, LLP
865 South Figueroa St 10 Floor
Los Angeles CA 90017-2543
213-624-7707
213-624-0643 (fax)
Attorneys ZC Specialty Insurance Company Committee Member

Ann J. Schneider
Ellison Schneider & Harris LLP
2015 H St
Sacramento CA 95814-3109
916-447-2166
916-447-3512 (fax)

Arthur Gallagher & Co. of New York, Inc.
c/o Todd C. Tora'l, Esq.
Monique D. Jewett-Brewster, Esq.
Reed Smith LLP
1999 Harrison St #2200
Oakland CA 94612-3572
510-763-2000
510-273-8832 (fax)

Barry A. Bradley, Esq.
Gary J. Bradley, Esq.
BRADLEY & GMELICH
535 N. Brand Blvd 9th Fl
Glendale CA 91203
818-243-5200
818-243-5266 (fax)
Attorneys for Armguard Security & Patrol Alarm Systems

GeoSoils Consultants, Inc.
Attn: Delmar Yoakum
6634 Valjean Ave
Van Nuys CA 91406
818-785-2158
818-785-1548 (fax)
Committee Member

Kelli Funk
Legal Assistant
Meggitt-USA, INC.
Whittaker Corporation
805/526-5700 Ext. 6636
805/584-4182

Mail

Linda Boyle
Time Warner Telecom Inc.
10475 Park Meadows Dr. #400
Littleton CO 80124
303-566-1284 (phone)

Michael J. Pankow, Esq.
BROWNSTEIN HYATT & FARBER PC
410 17th St., 22nd Fl.
Denver CO 80202-4437
303-223-1100
Attorneys for Cherokee Investment Partners and Cherokee Santa Clarita LLC

Jerold Abeles, Esq.
Friedmann, O'Brien, Goldberg & Zarian LLP
445 S. Figueroa St, Suite 3750
Los Angeles, CA 90071

Robert P. Goe, Esq.
GOE & FORSYTHE LLP
660 Newport Center Dr., #320
Newport Beach CA 92660
Attorneys for SunCal Companies

Erin N. McGonagle, Esq.
JACKSON & CAMPBELL, P.C.
1120 20th St., NW, South Tower
Washington DC 20036
202-457-4287 (phone)

Theodore Maka
5N050 Brookhurst Ln
Wood Dale IL 60191
630-350-1197
630-620-8561 (fax)
Committee Member

E-Mail

Lowell E. Rothschild, Esq.
Brenda Moody Whinery, Esq.
Frederick Petersen, Esq.
MESCH CLARK & ROTHSCHILD P.C.
259 North Meyer Avenue
Tucson AZ 85701-1090
lrothschild@mcrazlaw.com
bwhinery@mcrazlaw.com
fpetersen@mcrazlaw.com
Attorneys for Porta Bella Lender, LLC

Brian Sirower, Esq.
Scott R. Goldberg, Esq.
QUARLES & BRADY STREICH LANG LLP
Two North Central Avenue
Phoenix, AZ 85004-2391
bsirower@quarles.com
sgoldberg@quarles.com
Attorneys for First Credit Bank

Donald L. Gaffney, Esq.
Steven D. Jerome, Esq.
SNELL & WILMER LLP
One Arizona Center
Phoenix, AZ 85004-2202
602-382-6000
602-382-6070 (fax)
dgaffney@swlaw.com
sjerome@swlaw.com
Attorneys for ZC Specialty Insurance Company

Thomas G. Heller, Esq.
Brian w. Hembacher, Esq.
Deputy Attorney General
California Dept of Justice
300 S. Spring St 11-N
Los Angeles CA 90013
213-897-2628
213-897-2638
213-897-2802 (fax)
thomas.heller@doj.ca.gov
brian.hembacher@doj.ca.gov
Attorneys for California Dept of Toxic Substances Control

Thomas J. Salerno, Esq.
Jordan A. Kroop, Esq.
SQUIRE SANDERS & DEMPSEY L.L.P.
Two Renaissance Square
40 North Central Avenue, #2700
Phoenix, AZ 85004
tsalerno@ssd.com
jkroop@ssd.com
Attorneys for Whittaker Corporation

Ronald C. Peterson, Esq.
Margaret M. Mann, Esq.
Robert A. Trodell, Jr., Esq.
HELLER EHRMAN WHITE & McAULIFFE LLP
601 South Figueroa Street 40th Floor
Los Angeles CA 90017-5758
RPeterson@HEWM.COM
MMann@HEWM.COM
Rtrodella@HEWM.COM
Attorneys for Whittaker Corporation

Shelton L. Freeman, Esq.
DeCONCINI McDONALD YETWIN & LACY P.C.
2025 North Third Street, #230
Phoenix, AZ 85004
tfreeman@dmylphx.com
Attorneys for American Guarantee & Liability Insurance Co.

David L. Neale, Esq.
David B. Golubchik, Esq.
LEVENE NEALE BENDER RANKIN & BRILL L.L.P.
1801 Avenue of the Stars, #1120
Los Angeles CA 90067
dln@lnbrb.com
Attorneys for American Guarantee & Liability Insurance Co.

Gerald K. Smith, Esq.
Brent C. Gardner, Esq.
LEWIS AND ROCA LLP
40 North Central Avenue
Phoenix, AZ 85004-4429
gsmith@lrlaw.com
bgardner@lrlaw.com
Attorneys for Steadfast Santa Clarita Holdings LLC

Mark G. Ledwin, Esq.
WILSON ELSER MOSKOWITZ EDELMAN & DICKER LLP
3 Gannett Drive
White Plains NY 10604
LedwinM@WEMED.com
Attorneys for Steadfast Santa Clarita Holdings LLC

Michael W. Carmel, Esq.
MICHAEL W. CARMEL, LTD.
80 East Columbus Avenue
Phoenix AZ 85012-2334
michael@mcarmellaw.com
Attorneys for Avion Holdings, LLC

Robert J. Miller, Esq.
Christine M. Landavazo, Esq.
BRYAN CAVE LLP
Two North Central Avenue, #2200
Phoenix, AZ 85004-4406
rjmiller@bryancave.com
cmlandavazo@bryancave.com
Attorneys for City of Santa Clarita

Joseph P. Buchman, Esq.
BURKE WILLIAMS & SORENSEN, LLP
611 West Sixth Street #2500
Los Angeles, CA 90017
jbuchman@bwslaw.com
Attorneys for City of Santa Clarita

Mary B. Artigue, Esq.
Kevin J. Blakley, Esq.
GAMMAGE & BURNHAM PLC
Two North Central Avenue, 18th Floor
Phoenix, AZ 85004
martigue@gblaw.com
Kevin.Blakley@azbar.org
Attorneys for Castaic Lake Water Agency, Newhall County Water District, Santa Clarita Water Company, and Valencia Water Company

Gary G. Keltner, Esq.
JENNINGS STROUSS & Salmon PLC
201 East Washington Street 11th Floor
Phoenix, AZ 85004-2385
gkeltner@jsslaw.com
Attorneys for Knight Piesold & Co

David M. Poitras PC
Jeffer Mangels Butler & Marmaro LLP
1900 Avenue of the Stars 7th Fl
Los Angeles CA 90067
310-203-8080
310-712-8571 (fax)
dmp@jmbm.com
Attorneys for Ellison Schneider & Harris LLP

Michael N. Berke, Esq.
Audrey M. Ritter, Esq.
BERKE & ASSOCIATES
555 St. Charles Dr. #100
Thousand Oaks CA 91360
805-379-8505
805-379-8525 (fax)
ckubesh@arsigroup.com

Sikand Engineering Associates
Attn: Renee Sikand
15230 Burbank Blvd #100
Van Nuys CA 91411
818-787-8550
818-901-7451 (fax)
rsikand@sikand.com
Committee Member

David R. Zaro, Esq.
ALLEN MATKINS LECK GAMBLE & MALLORY LLP
515 S Figueroa St 7th Fl
Los Angeles CA 90071-3398
213-622-5555
213-620-8816 (fax)
dzaro@allenmatkins.com

Robert J. Spurlock, Esq.
BONNETT FAIRBOURN FRIEDMAN & BALINT PC
2901 N Central Ave #1000
Phoenix, AZ 85012
602-274-1100
602-274-1199 (fax)
bspurlock@bffb.com
Attorneys for American Int'l Specialty Lines Ins. Co. and
The Insurance Co. of the State of Pennsylvania

Philip R. Rudd, Esq.
KUTAK ROCK LLP
8601 N. Scottsdale Rd., #300
Scottsdale, AZ 85253-2742
480-429-4892
480-429-5001 (fax)
phillip.rudd@kutakrock.com

Bernard D. Bollinger Jr., Esq.
BUCHALTER NEBER FIELDS & YOUNGER
601 S. Figueroa St, #2400
Los Angeles CA 90017-5704
213-891-5009
213-630-5736 (fax)
bbollinger@buchalter.com

W. Bradford Francke, Esq.
LEWIS OPERATING CORP.
1156 N. Mountain Ave.
Upland, CA 91785-0670
909-946-7538
909-949-6725 (fax)
brad_francke@lewisop.com

Francis J. Lanak, Esq.
LANAK & HANNA PC
400 N. Tustin Ave., #120
Santa Ana CA 92705-3815
714-550-0418
714-550-9261 (fax)
flanak@lanak-hanna.com

Lawrence E. Wilk, Esq.
JABURG & WILK PC
3200 N. Central Ave., #2000
Phoenix, AZ 85012-2440
602-248-1000
602-248-0522 (fax)
lew@jaburgwilk.com
Attorneys for Cherokee International Partners and
Cherokee Santa Clarita LLC

Dale C. Schian, Esq.
SCHIAN WALKER, PLC
3550 N. Central Ave., #1500
Phoenix, AZ 85012-2188
602-285-4545
602-297-9633 (fax)
ecfdocket@swazlaw.com
Attorneys for SunCal Companies

Deborah C. Prosser
BURKE WILLIAMS & SORENSEN, LLP
3403 Tenth St., #300
Riverside CA 92501
dprosser@bwslaw.com

R. Gibson Pagter, Jr.
PAGTER & MILLER
1551 N. Tustin Ave., #850
Santa Ana CA 92705
714-541-6072
714-541-6891 (fax)
bkrus@pacbell.net

Howard C. Meyers, Of Counsel
BURCH & CRACCHIOLO, PA
702 E Osborn Rd, #200
Phoenix, AZ 85014
602-234-8762
602-234-0341
hmeyers@bcattorneys.com

Michael Lanes
6720 E Stallion Rd
Paradise Valley AZ 85253
480-922-4616
480-922-4609 (fax)
michaellanes@cox.net
Committee Member

Ric J. Cuellar, Esq.
OFFICE OF THE U.S. TRUSTEE
230 N First Ave #204
Phoenix, AZ 85003-1706
602-682-2600
602-514-7270 (fax)
ric.j.cuellar@usdoj.gov

/s/ Rebecca J. McGee

AMENDED EXHIBIT "E"

CARL K. NEWTON, City Attorney
CHERYL J. KANE, SBN 86198
Burke, Williams & Sorensen LLP
611 West Sixth Street, Suite 2500
Los Angeles, CA 90017
(213) 236-0600
Attorneys for Defendant City of Santa Clarita

JOHN F. GRANNIS (SBN 88681)
Bayles & Grannis
535 N. Brand Blvd., Suite 255
Glendale, CA 91203
(818) 662-5335
Attorneys for Plaintiff/Petitioner PERC - People for Environmentally Responsible Clean Up, Inc., a California non-profit, public benefit corporation

CARL KANOWSKY (SBN 109334)
Hacker, Kanowsky & Braly LLP
24510 Town Center Drive, Suite 200
Valencia, California 91355
(661) 259-6800
Attorneys for Plaintiff/Petitioner Gloria Donnelly

JENNIFER KILPATRICK (SBN 82842)
26910 Sierra Highway D-8, Suite #103
Newhall, California 91321
(323) 858-9732
Attorney for Plaintiff/Petitioner Adam Ford

FILED
LOS ANGELES SUPERIOR COURT
MAY 21 2002
JOHN A. CLARKE, CLERK
BY MARISOL LOMELI, DEPUTY

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES, CENTRAL DISTRICT

PERC - PEOPLE FOR ENVIRONMENTALLY RESPONSIBLE CLEAN-UP, INC., a California non-profit, public benefit corporation, ADAM FORD, an individual, and GLORIA DONNELLY, an individual, Plaintiffs and Petitioners, Vs. BERMITE RECOVERY, L.L.C., a Delaware limited liability company, PROJECT RISK MANAGEMENT, INC. an Arizona corporation SANTA CLARITA, L.L.C., a Delaware limited liability company, REMEDIATION FINANCIAL, INC., an Arizona corporation, STEADFAST SANTA CLARITA HOLDINGS, L.L.C., a limited liability company, WHITTAKER CORPORATION, a Delaware corporation, PORTA BELLA LENDER, LLC, a Delaware limited liability company, CITY OF SANTA CLARITA, a municipal corporation organized under the laws of the State of California, and Defendant Does 1 to 200, inclusive Defendants and Respondents.	CASE NO. BC 256686 SETTLEMENT AGREEMENT AND NOTICE OF SETTLEMENT Assigned to Dept. 68 CEQA Related Case Potentially Related Cases: BC 254794 BC 251374 BS 72129

TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

NOTICE IS HEREBY GIVEN that plaintiffs and petitioners PERC - PEOPLE FOR ENVIRONMENTALLY RESPONSIBLE CLEAN-UP, INC., ADAM FORD and GLORIA DONNELLY ("Plaintiffs'), and their counsel of record, and defendant and respondent City of Santa Clarita ("the City'), and its counsel of record, have reached the following Settlement Agreement in the above-entitled case:

1. The following definitions shall apply for all purposes to each and every term and condition of this Settlement Agreement:

a. "City" means defendant City of Santa Clarita, including without limitation the Santa Clarita City Council and all officers, officials and employees of the City of Santa Clarita whether elected or appointed..

b. "Discretionary Actions" and "Discretionary Approvals" mean any discretionary actions or discretionary approvals of the City, as defined in Section 1(i) of the Porta Bella Development Agreement. **For purposes of this Settlement Agreement, these terms also include any amendment, modification or change to the Porta Bella Project and/or the Porta Bella Development Documents.**

c. "Porta Bella Development Documents" means (1) the Statement of Overriding Considerations, the Final EIR (SC 92-041040), dated January 7, 1994, and the Mitigation and Monitoring Program duly certified and/or adopted on April 25, 1995; (2) the Final Conditions of Approval, including the Porta Bella Specific Plan, Vesting Tentative Tract Map No. 51599, Oak Tree Permit No. 91-003, and Master Case Nos. 91-164 and 93-012, all as duly adopted and passed on May 9, 1995; (3) Ordinance No. 95-6, duly adopted and passed on September 12, 1995; (4) Ordinance No. 96-4, duly adopted and passed on February 27, 1996; and (5) Development Agreement No. 96-535033, dated March 28, 1996 ("Porta Bella Development Agreement"). For purposes of this Settlement Agreement, this terms also includes the Porta Bella Project Memorandum of Understanding between the City and Defendant SCLLC, dated in March 1999, a copy of which is attached to the Petition and Complaint as Exhibit P.

d. "Petition and Complaint" means the First Amended Petition For Writ Of Mandate And Complaint For Declaratory Relief etc. that was filed by Plaintiffs/Petitioners on or about December 6, 2001.

e. "Porta Bella Project" means that certain real estate development project that is described in the Porta Bella Development Documents for the development of 996 acres of land in the City, which land is comprised of the Bermite Recovery Property, as defined in the Petition and Complaint and in Exhibit A thereto, and the Porta Bella Property, as defined in the Petition and Complaint and Exhibit B thereto.

2. Petitioners and the City mutually desire to enter into this Settlement Agreement for the benefit and protection of the public and the public treasury.

3. The City and Plaintiffs agree with respect to the annual compliance review of the Porta Bella Development Agreement that:

a. City will pursue prompt completion of its current annual compliance review, pursuant to Section 6(b) of the Porta Bella Development Agreement and Section 17.03.010 J of the Santa Clarita Unified Development Code.

b. City will thereafter conduct timely annual compliance reviews, commencing no later than March 30th of each calendar year, in accordance with Section 6(b) of the Porta Bella Development Agreement and Section 17.03.010 J of the Santa Clarita Unified Development Code.

c. City will give Plaintiffs and their counsel of record notice of each public hearing required by Section 6(b) of the Porta Bella Development Agreement. The notice will be addressed to Plaintiffs and their counsel at their respective addresses as shown in Paragraph 12 herein and shall be deposited in the U.S. mail at least ten (10) days prior to the hearing. The failure of any person to receive notice pursuant to this subparagraph shall not be deemed a breach of this subparagraph by City or constitute grounds for any court to invalidate any of the actions of City for which the notice was given.

4. The City and Plaintiffs agree with respect to any Discretionary Actions and any Discretionary Approvals that:

a. **No Discretionary Actions or Discretionary Approvals shall be approved or adopted by the City and no Discretionary Actions or Discretionary Approvals contained in a settlement agreement or stipulation for entry of judgment in any case between the City and a third party or third parties shall be effective, unless the City has first complied with the California Planning and Zoning Law, Title 7 of the Government Code,** California Environmental Quality Act, Public Resources Code Section 21000 *et seq.*, and the State CEQA Guidelines, Title 14 California Code of Regulations Section 15000 *et seq.*; provided, however, City will not seek to rely on any negative declaration, mitigated negative declaration **or addendum to an existing EIR** for any Discretionary Actions or Discretionary Approvals that could modify or eliminate Condition DS-12 of the Porta Bella Development Documents. If City prepares a Supplemental EIR for any of the Discretionary Actions or Discretionary Approvals, City shall not be deemed to have breached this subparagraph if a court determines that City should have instead prepared a Subsequent EIR.

b. The City will give Plaintiffs and their counsel of record notice as required by Public Resources Code Section 21092.2. The notice will be addressed to Plaintiffs and their counsel at their respective addresses as shown in Paragraph 12 herein. The failure of any person to receive notice pursuant to this subparagraph shall not (i) be deemed a breach of this subparagraph by the City or (ii) constitute grounds for any court to invalidate any action of the City as long as there has been substantial compliance with the requirements of this subparagraph.

5. Plaintiffs and the City, and their counsel of record, agree that:

a. Plaintiffs will dismiss the Petition and Complaint with prejudice as to the City within two (2) business days after the City Council of the City approves this Settlement Agreement and the Settlement Agreement and four (4) counterpart originals are signed by the Mayor of the City.

b. Plaintiffs will bear their own costs of suit and attorney fees arising from this action, notwithstanding the provisions of Code of Civil Procedure Section 1021.5.

c. The City will bear its own costs of suit and attorney fees arising from this action.

6. The parties agree that this Settlement Agreement is a single, integrated written contract expressing the entire agreement of the undersigned parties. Nothing contained herein is intended, nor shall it be construed or deemed, to confer any rights, powers, privileges or obligations on any other person, party or entity who is not an undersigned party hereto.

7. Neither this Settlement Agreement nor any provision hereof may be amended, modified, changed, waived discharged or terminated except by an instrument in writing fully executed by the undersigned parties hereto or their successors in interest.

8. This Settlement Agreement may be executed in two or more counterparts, each of which, when so executed, shall constitute one and the same instrument; provided, however, that in no case may this Settlement Agreement become effective and binding on any party until it has been fully executed by all of the parties whose signatures are called for hereinbelow.

9. Each of the undersigned parties and their counsel have jointly participated in the negotiation, preparation and drafting of this Settlement Agreement, and there shall be no construction of this Settlement Agreement one or another party based on claims of control over or drafting of the contents hereof.

10. The parties agree that, if any covenant, clause, waiver, release or other provision of this Settlement Agreement is held to be invalid or unenforceable for any reason by a court of competent jurisdiction, the remainder of this Settlement Agreement shall continue to be binding on the undersigned parties hereto.

11. The parties mutually acknowledge and agree that damages are an inadequate remedy for any breach of this Settlement Agreement, whether innocent, negligent or intentional, by the parties hereto or their agents or employees. Consequently, the parties agree that this Settlement Agreement is enforceable by Specific Performance, and that no bond shall be required in connection with the granting or issuance of any temporary restraining order, injunction or other appellate or equitable relief in connection therewith.

12. All notices required to be given under the terms of this Settlement Agreement shall be given as follows:

TO ADAM FORD:	22202 Claibourne Lane Saugus, CA 91350
TO GLORIA DONNELLY:	23648 Latana Court Valencia, CA 91355
TO PERC:	23648 Latana Court Valencia, CA 91355
TO BAYLES & GRANNIS:	John Grannis, Esq. 535 N. Brand Blvd. #255 Glendale, CA 91203
TO HACKER, KANOWSKY:	Carl Kanowsky, Esq. 24510 Town Center Drive #200 Valencia, CA 91355
TO JENNIFER KILPATRICK:	26916 Podd St. Santa Clarita, CA 91351
TO CITY:	c/o City Clerk 23920 Valencia Blvd. #300 Valencia, CA 91355
TO CITY ATTORNEY:	Carl Newton, Esq. Burke Williams & Sorensen LLP 611 W. 6th Street, Suite 2500 Los Angeles, CA 90017

13. The notice requirements of Paragraphs 3 and 4 herein shall expire upon the recordation of the final map for Vesting Tract Map No. 51599. Thereafter, notice shall be given as provided by Government Code Section 65092 and Public Resources Code Section 21092.2.

IN WITNESS THEREOF the undersigned parties have set forth their respective signatures as of April 25, 2002.

Plaintiffs/Petitioners:

ADAM FORD

GLORIA DONNELLY

PERC – People for Environmentally Responsible Cleanup, Inc., a California corporation

By: ADAM FORD, President

Approved by:

Counsel for Plaintiffs/Petitioners:

BAYLES & GRANNIS

By: JOHN F. GRANNIS, Counsel for PERC

HACKER, KANOWSKY & BRALY

CARL KANOWSKY, Counsel for GLORIA DONNELLY

JENNIFER KILPATRICK, Counsel for ADAM FORD

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Plaintiffs/Petitioners:

ADAM FORD

GLORIA DONNELLY

PERC – People for Environmentally Responsible Cleanup, Inc., a California corporation

By: ADAM FORD, President

Approved by:

Counsel for Plaintiffs/Petitioners:

BAYLES & GRANNIS

By: JOHN F. GRANNIS, Counsel for PERC

HACKER, KANOWSKY & BRALY

CARL KANOWSKY, Counsel for GLORIA DONNELLY

JENNIFER KILPATRICK, Counsel for ADAM FORD

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Plaintiffs/Petitioners:

ADAM FORD

GLORIA DONNELLY

PERC – People for Environmentally Responsible Cleanup, Inc., a California corporation

By: ADAM FORD, President

Approved by:

Counsel for Plaintiffs/Petitioners:

BAYLES & GRANNIS

By: JOHN F. GRANNIS, Counsel for PERC

HACKER, KANOWSKY & BRALY

CARL KANOWSKY, Counsel for GLORIA DONNELLY

Jennifer Kilpatrick

JENNIFER KILPATRICK, Counsel for ADAM FORD

Respondent/Defendant:

CITY OF SANTA CLARITA

FRANK FERRY, Mayor

Approved:

Counsel for Defendant City of Santa Clarita:

BURKE, WILLIAMS & SORENSEN

By: CARL K. NEWTON, City Attorney

PROOF OF SERVICE

I, the undersigned, declare and certify as follows:

I am over the age of 18 years and employed in the County of Los Angeles, State of California. I am employed in the office of FRANDZEL ROBINS BLOOM & CSATO, L.C., members of the Bar of the above-entitled Court, and I made the service referred to below at their direction. My business address is 6500 Wilshire Boulevard, 17th Floor, Los Angeles, California 90048-4920.

On ***May 21, 2002***, I served a true copy(ies) of the ***SETTLEMENT AGREEMENT AND NOTICE OF SETTLEMENT***, the original(s) of which is affixed hereto, to the party(ies) hereinafter mentioned:

[BY MAIL] by depositing the same for collection and mailing at Los Angeles, California, on the date herein above set forth in this Certificate, in a sealed envelope(s) with the postage thereon fully prepaid, addressed as follows:

SEE ATTACHED SERVICE LIST

I have prepared the facsimile copy(ies) and/or the envelope(s) containing the copy(ies) to be served in accordance with the manner described above by placing the document(s) in Frandzel Robins Bloom & Csato, L.C.'s in-house delivery system for service in accordance with Frandzel Robins Bloom & Csato, L.C.'s ordinary business practices. I certify that I am fully familiar with the regular business practices of the law firm of Frandzel Robins Bloom & Csato, L.C. and I know the firm's procedures to be safe and reliable for delivery of said documents as described above.

I certify under penalty of perjury, under the laws of the State of California and the United States of America, that the foregoing is true and correct.

Executed on ***May 21, 2002***, at Los Angeles, California.

Marsha McRoyal

Marsha McRoyal

Signature

1
2
3

SERVICE LIST

Jennifer Kilpatrick 26910 Sierra Highway D-8, Suite 103 Newhall, CA 91321 (323) 658-9732	Attorneys for Plaintiff and Petitioner ADAM FORD
Carl Kanowsky Hacker, Kanowsky, & Braly, LLP. 24510 Town Center Drive, Suite 200 Valencia, CA 91355 (661) 259-6800	Attorneys for Plaintiff and Petitioner GLORIA DONNELLY
Carl K. Newton Cheryl J. Kane Steven J. Dawson BURKE, WILLIAMS & SORENSEN, LLP 611 West Sixth Street, Suite 2500 Los Angeles, California 90017 Phone: (213) 236-0600 Fax: (213) 236-2700	Attorneys for Defendant and Respondent CITY OF SANTA CLARITA
Gregory R. McClintock David C. Bollestad Thomas D. Theisen Mayer, Brown & Plan 350 South Grand Avenue, 25th Floor Los Angeles, CA 90071 (213) 229-9500	Attorneys for Defendants and Respondents BERMITE RECOVERY, L.L.C., SANTA CLARITA. L.L.C., PROJECT RISK MANAGEMENT, INC. and REMEDIATION FINANCIAL, INC.
Nancy Sher Cohen Rene L. Siemens Patrick G. Curley Heller, Ehrman, White & McAuliffe, LLP 601 South Figueroa Street, 40th Floor. Los Angeles, CA 90017 (213) 689-0200	Attorneys for Defendant and Respondent WHITTAKER CORP.
Neil Selman Jeffrey C. Segal Tiffany D. Troisi Selman Breitman 11766 Wilshire Boulevard, 6th Floor Los Angeles, CA 90025 (310) 445-0800	Attorneys for Defendant and Respondent STEADFAST INSURANCE COMPANY
Robert Turpin, Manager PORTA BELLA LENDER, LLC c/o Turpin Investment Services 5151 North 16th Street, Suite 130 Phoenix, AZ 85016 (602) 279-9472	PORTA BELLA LENDER, LLC c/o Incorporating Services Ltd. 15 East North Street Dover, Delaware 19901

Paul M. Kelley
DONFELD, KELLEY & ROLLMAN
11845 West Olympic Boulevard, Suite 1245
Los Angeles, California 90064
(310) 312-8080

JOHN F. GRANNIS
Bayles & Grannis
535 N. Brand Blvd., Suite 255
Glendale, CA 91203
(818) 662-5335
Attorneys for Plaintiff/Petitioner PERC - People for Environmentally Responsible Clean Up, Inc., a California non-profit, public benefit corporation

FOR IMMEDIATE RELEASE
June 9, 2011

PERCHLORATE DETECTED DURING ROUTINE TESTING

Well Removed from Service Pending Treatment Covered By Whittaker Bermite Settlement Agreement

Valencia Water Company has notified the Whittaker Bermite property owners that it will seek remediation funds to clean up a closed well near Santa Clarita City Hall following routine water quality testing that detected low levels of perchlorate. The remediation funds are being sought under a 2007 settlement agreement among Castaic Lake Water Agency (CLWA), Newhall County Water District, Santa Clarita Water Division and Valencia Water Company and Whittaker Corporation and others to address clean-up of impacted wells from the former munitions site.

In August 2010, Valencia Water Company detected perchlorate in Well 201 near City Hall. Although the perchlorate levels were within safe drinking water standards, the company immediately took the well out of service and notified the State Department of Public Health. Valencia Water Company continued to monitor the inactive well on a monthly basis. The most recent sample confirmed that perchlorate is still present and that wellhead treatment is needed as outlined by the settlement agreement with Whittaker Bermite.

"Our diligence in conducting extensive testing enabled us to quickly shut down the well and continue to provide safe water to our customers," said Keith Abercrombie, General Manager for Valencia Water Company. "The removal of this well from service will not have any near-term or long-term impacts on the quality or cost of water to our customers. To the extent it is even necessary, we will shift production to other wells elsewhere in the groundwater basin."

CLWA General Manager Dan Masnada said, "The closing of this well will not impact the Santa Clarita Valley Family of Water Suppliers' ability to adequately provide water to our customers and will not have a negative impact on the Valley's water supply. CLWA and the water retailers continue to ensure that all drinking water quality standards are met and long-term solutions are put in place to address the presence of perchlorate in small portions of the Valley's groundwater aquifers.

"In addition, a pending update of the 2010 Santa Clarita Valley Urban Water Management Plan will examine the presence of perchlorate in Well 201," Masnada said.

Valencia Water Company works cooperatively with and as a member of the Santa Clarita Valley Family of Water Suppliers to provide customers a mix of groundwater pumped from area wells and imported state water. In April 2007, the local water suppliers and the Whittaker Bermite

-more-

property owners negotiated a settlement, which establishes funding to address the clean-up of perchlorate from the former munitions site.

Last year, a $13 million treatment facility near Bouquet Canyon Road and the Santa Clara River came on line to treat perchlorate in groundwater emanating from the Whittaker Bermite property. That treatment facility is part of a larger program that includes the restoration of two perchlorate-impacted wells to extract contaminated groundwater and control the migration of perchlorate in the Saugus Formation aquifer. The cost of that "pump and treat" system is also covered under the settlement agreement that protects the public from paying for the remediation costs.

As part of the settlement, several wells were identified as potentially threatened by perchlorate, including Well 201. Thus, while the now-operational pump and treatment program is intended to control migration of perchlorate, the possibility of further contamination in the direction of groundwater flow was recognized before its installation, and provisions were incorporated in the program to treat any additional wells impacted by perchlorate. Initial operation of the pump and treatment remediation is functioning as planned, and is still applicable for both of its objectives – to control contaminant migration near the source and to extract perchlorate from the aquifer system. In short, the detection of perchlorate at Well 201 does not reflect any change in the anticipated long-term effectiveness of the containment and treatment remedy.

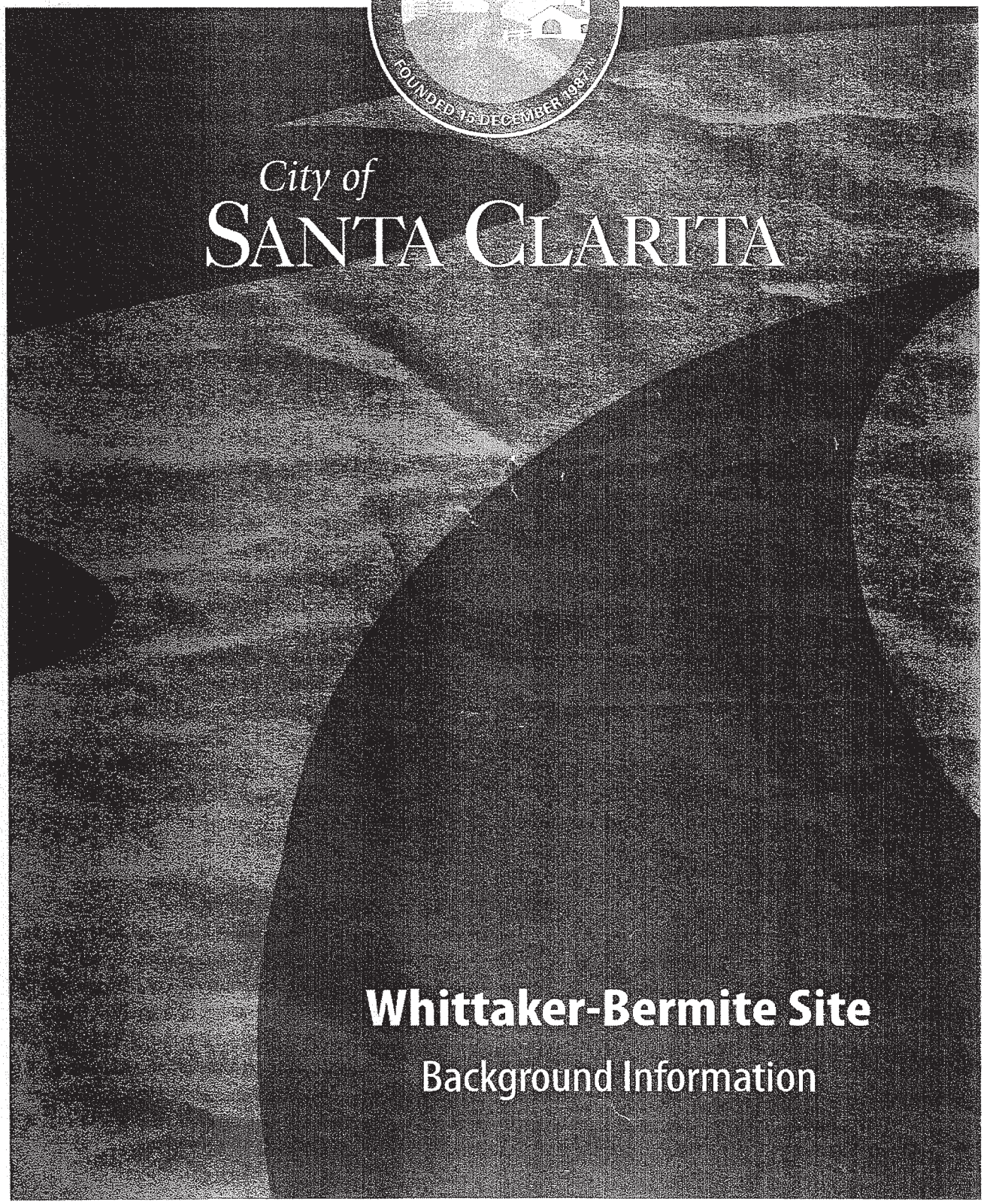
Prior impacted wells included Q2, a Valencia Water Company well that underwent successful wellhead treatment in 2005 utilizing the same treatment technology contemplated for Well 201, and today has no perchlorate detection. Since 1997, seven wells in the Santa Clarita Valley, including this most recent one, have been impacted by perchlorate. Three of those wells have been successfully treated and returned to service, two have been replaced, one is planned to be replaced and this most recent well will have treatment installed.

Perchlorate is a regulated drinking water contaminant in California with a maximum contaminant level (mcl) of 6 parts per billion (ppb). The Valencia Water Company test in August 2010 was 5 ppb. During the last several months, readings have varied from 5 to 12 ppb in the most recent test.

Perchlorate is both a naturally occurring and man-made ion used to form a variety of salts. Perchlorate is primarily used today as an oxidizer in solid rocket fuel and other propellants and to a lesser extent, in fireworks, explosives and air-bag inflators. It is highly soluble in water and has been detected in ground and surface water in 26 states. It has also been detected in water supplies in close proximity to sites where solid rocket fuel was manufactured or used, such as the Whittaker Bermite site.

Valencia Water Company is a water provider to 113,000 residential, commercial, industrial and business customers in Valencia, Stevenson Ranch and portions of Saugus and Castaic.

Contact: Keith Abercrombie, General Manager, Valencia Water, (661) 295-6501
Dan Masnada, General Manager, CLWA, (661) 297-1600 Ext. 239



City of

SANTA CLARITA

Whittaker-Bermite Site

Background Information

The Property:

The Whittaker-Bermite property is an undeveloped 996-acre site located in the center of the City of Santa Clarita, California. This former munitions testing and manufacturing site has contamination issues, which include perchlorate, volatile organic compounds, and both soil and groundwater contamination.

The Clean-Up Efforts:

The site clean-up is under the supervision of the California Department of Toxic Substances Control (DTSC). DTSC issued an order to Whittaker Corporation to perform site clean-up. The Remedial Action Plan (RAP) has been approved by DTSC and the next year will be spent completing the Remedial Design Plan, which is the implementation document for the RAP. The property has been divided into seven "operable units" with differing clean-up strategies for each unit.

Clean-up is funded by insurance proceeds from various parties, pursuant to a Comprehensive Claims Settlement Agreement (CCSA). Current funding is provided by American International Specialty Lines Insurance Company (AISLIC), a subsidiary of Chartis, the successor to American International Group (AIG). Based upon the present schedule, it is estimated that the clean-up of the soil will take at least another four to six years and the groundwater clean-up could take 20+ years.

The AISLIC policy portion of the CCSA contains a $150 million limit. To date, under the CCSA over $100 million has been spent on investigation and clean-up activities, of which approximately $10 million has been spent under the AISLIC policy.

Development Entitlements:

In May 1995, the Santa Clarita City Council approved the Porta Bella Specific Plan, creating vested land use entitlements on the property and designating the property Specific Plan. These entitlements (Specific Plan, Vesting Tentative Tract Map, and Oak Tree Permit) allow for the development of 1,244 single family residential units and 1,667 multi-family residential units, as well as 96 acres of commercial and business/office park uses. The Specific Plan also envisions 407 acres of open space and 42 acres of recreational uses. Development of the site will require the construction of millions of dollars of public infrastructure (roads, parks, schools, etc.) at the developer's expense. The site, together with the approved Porta Bella Specific Plan and the Development Agreement, which expires in 2016, were acquired by Remediation Finance Incorporated (RFI) and is now under the jurisdiction of the Federal Bankruptcy Court.

On November 22, 2010, the United States Bankruptcy Court for the District of Arizona approved a settlement agreement between the City of Santa Clarita and Remediation Finance Incorporated. Under the terms of the agreement, the City of Santa Clarita paid $25.3 million to settle approximately $30 million or more in actual and potential judgments against the City for two legal actions involving Golden Valley Road and the Santa Clarita Metrolink Station. The settlement potentially saves taxpayers approximately $5 million, provides the City an exclusive one year option to acquire one of the major liens against the property, serves as a down payment for potential acquisition of the Whittaker-Bermite site by the City, reduces future City legal costs and terminates two legal actions involving the City.

The court-approved settlement agreement provides the City a one year (beginning in December 2010 and concluding in December 2011) exclusive option to acquire the note from Steadfast Santa Clarita Holdings LLC and then foreclose on the property thus resulting in the City owning the property without assuming liability for clean-up costs. However, to accomplish this, the City needs an additional $20 to 25 million to complete the transaction.

The California Department of Toxic Substances Control's Unilateral Order to Whittaker Corporation contains a provision requiring that the residential clean-up standard applies to all areas of the site ultimately intended for residential use. Prior to the CCSA and the establishment of full funding for clean-up and prior to Whittaker Corporation reassuming the complete responsibility for clean-up the City was concerned about prospective developers building on uncontaminated portions of the site and then walking away from clean-up of contaminated areas. Therefore a condition in the Development Agreement approval by the City Council and subsequently affirmed through litigation, the Whittaker-Bermite site development carries a provision requiring full site remediation to the highest residential use standard and certification by DTSC prior to any horizontal or vertical development.

Under the "integrated remediation" proposal being explored by City of Santa Clarita staff, the City is seeking to acquire ownership of the Whittaker-Bermite property by December, 2011. Under current law, the development entitlements approved with the Porta Bella Specific Plan are transferable from the current property owner to a new buyer of the property and cannot be terminated or modified by the City of Santa Clarita. However, if the City is the owner of the property, the City Council could modify the Development Agreement to reduce clean-up costs by millions of dollars by integrating cleanup with both grading and future land use. In this way the City can insure that sufficient resources would be available to complete the clean up, while risks associated with exposure to contamination are eliminated for future occupants of development on this property.

Impediments to Development:

The current Development Agreement does not permit any development of the Whittaker-Bermite property until the site is entirely cleaned up to the highest remediation standard. Thus, the cost of clean-up, coupled with the delay associated with completing the clean-up, along with the high cost of infrastructure, and changes in the economic market, may mean that the development of the existing Porta Bella plan is no longer feasible. Even without these burdens the property is currently tied up in bankruptcy, and multiple developers have tried, and failed (for various economic reasons), to purchase the site in the bankruptcy proceeding. Unfortunately due to the central location of this property the infrastructure that runs through the site is critical to the long term needs of the City. Furthermore the job producing potential of this location is essential to the City's ultimate jobs/housing balance.

Earlier this year, the City Council brought in a developer to work with the City in 2011 to determine if the property can be purchased out of bankruptcy. In order to acquire the remaining loans for the property it is necessary for the City to bring on a financial – development partner because it will require a significant commitment of many more millions of dollars that the City does not have.

In addition, bringing on a financial partner will significantly reduce the financial risk for the City and it will continue to preserve our controlling interest in the property.

Due to the short time period the U.S. Federal Bankruptcy Court gave us for the option to acquire the loans, the City needed to identify specific characteristics in a potential development partner that included financial and technical expertise in environmentally friendly master planned communities.

This led the City to selecting Lewis Operating Corporations that have been both in business for over 55 years, and have experience with environmental remediation in coordination with redevelopment of property.

The City of Santa Clarita's Interests:

The City of Santa Clarita has multiple interests in the property. First, the City wants to ensure that the clean-up is completed. The potential that there may be insufficient insurance funds to complete the clean-up, if the remediation proceeds under existing strategies and at the current pace, is not an acceptable end result for the City Council and the community. Second, the City has identified in its General Plan, several roads (Magic Mountain Parkway, Via Princessa Road, and Santa Clarita Parkway) which must be completed in order to ensure that the City's General Plan Circulation Element does not fail. Third, given the size of the property and its central location, the City wants to ensure that whatever is ultimately developed on the site is consistent with the surrounding neighborhoods and will provide employment and economic benefit to the community as a whole. The City of Santa Clarita is currently experiencing an imbalance of housing to jobs. Therefore, eventual development of the site provides excellent opportunities to increase jobs in the local community.

Benefits of City Ownership of Property:

The acquisition of the Whittaker-Bermite property by the City of Santa Clarita provides the following benefits:

Clean-up of the former munitions facility is assured, as an integrated clean-up plan can be implemented, thus maximizing available dollars for remediation.

The property will be able to be developed in a manner consistent with community goals and provide jobs, critical infrastructure, and economic opportunities to the community.

The City's direct involvement will provide for continued leadership and stability; two important aspects sorely lacking with regard to this property over the last two decades.

23920 Valencia Boulevard • Suite 300 • Santa Clarita, CA 91355
PHONE: (661) 259-2489 • FAX: (661) 259-8125 • WEB: santa-clarita.com

9/26/2011

To the Los Angeles Count y Department of Regional Planning and Mitch Glaser

My name is Linda Pyburn. Nine of my family's 13 lots – APN 3247035003, 3247036011, 3247028007, 3247028008, 3247028009, 3247028010, 3247035004, 3247036010, 3247036020—fall wholly or partially within the proposed boundaries of the Santa Felicia SEA. The current zoning is currently A-2-2, proposed to be changed to RL20 in the proposed plan.

My family has lived in Oak Canyon since the 1850's. We have maintained it as a ranch and have left the hillsides and natural resources intact. We had to defend our agriculture rating in the 1980's and 90's due to pressure for development. Because of the excesses which encouraged the glut of development of the past few decades, open space is now threatened. Imagine if we had developed our acreage at that time, when the county was only interested in increasing tax revenue. There would be no undeveloped land left to "preserve."

It is widely accepted that downzoning and ecological designations seriously reduce land value. Secondly, restrictions on building and agricultural activities due to SEA cut economic viability of the land significantly. This significant decrease in property value is not compensated under the current plan. Why should we be punished, and have a permanent burden laid on us due to the lack of foresight of the planning department?

There also appears to be a totally inconsistent and arbitary application of SEA and land use. Example: Landmark Village has only the waterway designated as SEA and the remainder has an average 3.3 units per acre. Documented incidences of threatened species are available for this property and the land includes a river with running water. Alternately, the County acknowledges they have "no information as to what biological resources may or may not be present" on our property and are simply presupposing the presence of such species.

The EIR is not data-driven, but based on extrapolation and theory. The response we received states that, "this does not mean that these species are only located at the locations depicted on Figure 3.7-1 in the Revised Draft EIR. They could very well be in adjacent areas that contain habitat that would support them." Essentially, the burden is on the property owner to prove that they don't exist, at our expense, of course! One could certainly argue that virtually any area in Southern California could support native species. Therefore, any open space, regardless of the size, could be an SEA if one were so inclined to do so.

In fact, it is impossible for the layman to determine the impact to their parcels with the information as provided. The interactive website is not functioning properly. Even after meeting with the county's biologist and Mitch Glaser, we don't have a clear understanding of what we will or will not be allowed to do with our land, to include the agricultural use. Unlike the big developers and corporations, the thousands of individual

owners affected do not have the wherewithal to hire attorneys or experts, nor have we had the political savvy to engage in a class action suit.

Further, the response to our letter with regard to the devastating impact of the 2007 fires states, "native plants come back before other plants. Many native species that were previously over-crowded by non-natives often come back because they now have better access to water and light and have room to grow." Theory clearly is not reality. One has only to look at Hasley Canyon after the series of burns over the last 30 years to debunk the stated theory.

In closing, I will state there is substantial evidence that courts have upheld property owner rights, and similar zoning ordinances have been challenged. Below are relevant excerpts from the Journal of Land Use:

1. "a zoning ordinance whose primary purpose is to prevent the entrance of newcomers in order to avoid future burdens, economic and otherwise, upon the administration of public services and facilities cannot be held valid."
2. **An ordinance that "fails to use a less restrictive means to further the legitimate goal of protecting agricultural land" violates substantive due process rights of the affected landowners.**
3. "The determination that government action constitutes a taking is, in essence, a determination that the public at large, rather than a single owner, must bear the burden of an exercise of state power in the public interest."
4. "A strong public desire to improve the public condition is not enough to warrant achieving the desire by a shorter cut than the constitutional way of paying for the change."
5. "The Fifth Amendment does not prevent actions that secure a reciprocity of advantage, it is designed to prevent the public from loading upon one individual more than his just share of the burdens of government…"
6. "The fact that other landowners, similarly situated, are permitted to continue to the use denied to the claimant…" imports a lack of any common-law prohibtion.
7. **Fairness dictates that landowners be compensated when their property is downzoned to provide benefits of open space and/or farmland protection for the public at large.**

Finally, it appears that the Department of Regional Planning believes the constraints on our property are so severe as to preclude nearly all development, and that whatever the most restrictive land use designation in their tool box will likely be applied to our property. When asked why the County didn't just purchase the property to preserve it if this were true, the response was, naturally, that they didn't have the money to do it. Substantial downzoning rather than a market-driven alternative is not acceptable simply because the County lacks the resources to properly fulfill the Fifth Amendment.

Thank you for your consideration.
Linda Pyburn

31040 Hasley Canyon Road
Castaic, CA 91384

STATE OF CALIFORNIA–THE NATURAL RESOURCES AGENCY EDMUND G. BROWN, JR., Governor

SANTA MONICA MOUNTAINS CONSERVANCY
RAMIREZ CANYON PARK
5750 RAMIREZ CANYON ROAD
MALIBU, CALIFORNIA 90265
PHONE (310) 589-3200
FAX (310) 589-3207
WWW.SMMC.CA.GOV

September 26, 2011

Regional Planning Commission
c/o Mr. Mitch Glaser
Los Angeles County Department of Regional Planning
320 West Temple Street
Los Angeles, California 90012

One Valley One Vision
Santa Clarita Valley Area Plan Update

Dear Commissioners:

The Santa Monica Mountains Conservancy (Conservancy) respects the time and energy invested in the One Valley One Vision planning process, by both the public and County staff. The joint process with the City of Santa Clarita was an innovative and ultimately productive approach to addressing the shared issues between the two jurisdictions. Many of the goals and policies in both the City's and County's respective plans are vast improvements over the current plan and will result in greater protections for the Conservancy's areas of concern. There are certain policies which the Conservancy strongly supports. Unfortunately, we cannot support the final product without stronger land use protections and modifications to the circulation element in the Angeles Linkage in the eastern part of the planning area. Our issues are well documented in the record and understood by County staff.

Like California State Parks and the Department of Fish and Game, the Conservancy finds that Alternative 2 is the environmentally superior alternative, which includes the stronger land use controls lacking in the proposed plan. It is our understanding that this alternative includes the same goals and policies as the plan, but with different land use designations in sensitive areas. As such, the Conservancy believes that this alternative accomplishes the smart growth objectives of One Valley One Vision better than the proposed plan because it directions more growth away from sensitive resources in outlying areas and into the already urbanized areas that can accommodate it. Therefore, the Conservancy urges you to recommend that the Board of Supervisors adopt Alternative 2 in lieu of the proposed plan.

Thank you for your consideration of these comments. If you have any questions, you can reach me at (310) 589-3200, ext. 128.

Sincerely,

PAUL EDELMAN
Deputy Director
Natural Resources and Planning

Friends of the Santa Clara River
660 Randy Drive Newbury Park, CA 91320 805-498-4323
www.fscr.org

9-26-11

Mitch Glaser, Planner
Los Angeles County Dept of Regional Planning
300 W. Temple St.
Los Angeles, CA 90012

Re: One Valley One Vision General Plan Update and EIR,
Wednesday September 28th Agenda Item

Please Copy to All Commissioners

Dear Mr. Glaser:

Friends of the Santa Clara River submit the following comments on the subject Agenda Item.

As the County is undoubtedly aware, several new developments have come to light in the last few months that will affect water supply and water quality for the proposed One Valley One Vision General Plan update.

This Plan proposes to allow development and a population projection of nearly double the currently residents in the Santa Clarita Valley. It is therefore imperative that the County ensures that both existing and future residents have a clean and safe drinking water supply and that the water quality of the Santa Clara River is protected.

Chlorides

A news article in the Newhall Signal dated June 8th 2011, stated that the Los Angeles Regional Water Quality Control Board has issued Notices of Violation for the Saugus and Valencia Treatment plants for failure to address the Chloride TMDL. The OVOV Plan should disclose these Notices and discuss how the County plans to comply with the Clean Water Act while doubling the current population and increasing effluent flow to the Santa Clara River.

Statements by Castaic Lake Water Agency and the Sanitation Districts that water from the Kern area serves to reduce the chloride concentration in State Water Project (SWP) water are not accurate for the following reasons:

1. no study exists to verify this hypothesis
2. CLWA water wheeled from banking projects in the Kern area through the aqueduct is only a small percentage of the total state water delivered through the east and west branch of the aqueduct. Thus, this water could not possibly reduce chloride levels in SWP water in any appreciable amount.

Spread of Ammonium Perchlorate Pollution to Well V201

Health Concerns

Ammonium perchlorate interferes with iodine uptake by the thyroid gland, thus producing hypothyroidism. This condition especially affects sensitive populations including fetuses, infants, small children and those with impaired immune systems. It can cause retardation in infants and children.

Ammonium perchlorate has now also been identified in as many as 285 different foodstuffs[1] from crops and cows that have absorbed it through a contaminated water supply. Thus, according to the Environmental Working Group, "every day, the average two-year-old will be exposed to more than half of the EPA's safe dose of perchlorate from food alone," [2]a dose that is much higher than that allowed in California drinking water.

A study providing the basis for setting the ammonium perchlorate MCL at 2ppb in Massachusetts concluded that: "Current data indicate that perchlorate exposures attributable to drinking water in individuals at sensitive life stages should be minimized....Widespread exposure to perchlorate and other thyroid toxicants in drinking water and foods suggest that more comprehensive policies to reduce over all exposures and enhance iodine nutrition are needed."[3]

While State officials recently urged an even lower Maximum Contaminant Level (MCL) for ammonium perchlorate and the Environmental Working Group urges a 0 tolerance level for children, the public in this Valley was not even alerted to the closure of yet another drinking water well due to perchlorate pollution.

New Information

On June 9th, 2011, the Newhall Signal ran a news story regarding the spread of the pollution plume to Valencia Saugus water well 201. (Press release attached).

Interestingly, the press release noted that this well has been closed since August 2010. However, the OVOV Plan did not disclose or discuss this information. Failure to disclose such important information in the DEIR and to the public constitutes a serious deficiency in the CEQA document and in the planning process. Since this well has been closed for almost a year, during which time many hearings on the OVOV plan were held, there seems to have been a deliberate effort to miss-inform the public and the decision-makers. We strongly protest the Water Agencies' lack of transparency on this matter.

As the County undoubtedly knows, this is an extremely serious situation since it means that the pollution plume has moved beyond the "pump and treat" capture wells and is moving at a much faster rate of travel than previously estimated would occur. If pumping from this well continues, such pumping would likely draw the pollution plume further in a westerly direction, thus spreading the contamination into an even greater portion of the Saugus aquifer and possibly making that ground water source unusable. A Signal article written in August 2011, described similar concerns expressed by the California Dept. of Health Services. They have requested additionally modeling of the contamination plume.

This now likely possibility has major implications for water supply in the Santa Clarita Valley. As noted in the 2011 Urban Water Management approved in June and on file with the County

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[1] Murray, C.W., Egan, S.K., Kim, H., Beru, N., and Bolger, P.M. (2008). US Food and Drug Administration's Total Diet Study: Dietary Intake of Perchlorate and Iodine. JESEE 18:571-580.

[2] "Perchlorate in Food and Beverages", Environmental Working Group, 2008 http://www.ewg.org/reports/FDA-Finds-Rocket-Fuel-%28Perchlorate%29-in-Food-and-Beverages

[3] "Basis for Massachusetts Reference dose and Drinking Water Standard for Perchlorate", Zewdie, Smith, Hutchinson, West", Massachusetts Department of Environmental Protection

(hereby incorporated by reference), the Saugus Aquifer is a major source of water supply and the only local backup source in the event of a severe drought. We therefore believe it is imperative that the County delay approval of the OVOV Plan in its current form. We also believe the Plan must now be re-written to address the following areas of concern:

The water supply from well 201 should be permanently removed as available in the Plan until new modeling that indicates continued pumping would not spread the plume is provided. Pump and Treat scenarios are not acceptable if they will merely spread the plume and pollute more wells.

1. Well Q2 should be re-tested on a monthly basis to make sure that pollution is not occurring there again.
2. All wells in the plume area should be tested for TCE and PCE.
3. All results for contamination by ammonium perchlorate and TCE, PCE should be idisclosed in the EIR so that decision makers can be aware of the full extent of the problem.
4. The Plan should be re-evaluated for the adequacy of the water supply.
5. The Plan should require automatic re-evaluation if/when further well closures occur.

In 2004 the Appellate Court[4] found for the Sierra Club and the Friends of the Santa Clara River and set aside CLWA's 2000 Urban Water Management Plan for failure to provide a timeline indicating when treatment facilities for water polluted by ammonium perchlorate would be available. In light of this precedent setting legal decision involving the Agencies' failure to adequately disclose the ammonium perchlorate pollution problem, we encourage the Agencies to act in good faith, withdraw the current plan and address these serious issues.

Conclusion

Friends ask that the County delay the approval of the OVOV Plan and the certification of the EIR until this new information is evaluated and addressed.

Sincerely,

Ron Bottorff, Chairman

Attachments:

1. RWQCB Notices of Violation for SCV treatment plants dated 5-27-11
2. Press release regarding closure of well 201
3. Signal News Article – "Perchlorate Spread worries State"

[4] *Friends of the Santa Clara River v. Castaic Lake Water Agency* (2004) 123 Cal.App.4th

FOR IMMEDIATE RELEASE
June 9, 2011

PERCHLORATE DETECTED DURING ROUTINE TESTING

Well Removed from Service Pending Treatment Covered By Whittaker Bermite Settlement Agreement

Valencia Water Company has notified the Whittaker Bermite property owners that it will seek remediation funds to clean up a closed well near Santa Clarita City Hall following routine water quality testing that detected low levels of perchlorate. The remediation funds are being sought under a 2007 settlement agreement among Castaic Lake Water Agency (CLWA), Newhall County Water District, Santa Clarita Water Division and Valencia Water Company and Whittaker Corporation and others to address clean-up of impacted wells from the former munitions site.

In August 2010, Valencia Water Company detected perchlorate in Well 201 near City Hall. Although the perchlorate levels were within safe drinking water standards, the company immediately took the well out of service and notified the State Department of Public Health. Valencia Water Company continued to monitor the inactive well on a monthly basis. The most recent sample confirmed that perchlorate is still present and that wellhead treatment is needed as outlined by the settlement agreement with Whittaker Bermite.

"Our diligence in conducting extensive testing enabled us to quickly shut down the well and continue to provide safe water to our customers," said Keith Abercrombie, General Manager for Valencia Water Company. "The removal of this well from service will not have any near-term or long-term impacts on the quality or cost of water to our customers. To the extent it is even necessary, we will shift production to other wells elsewhere in the groundwater basin."

CLWA General Manager Dan Masnada said, "The closing of this well will not impact the Santa Clarita Valley Family of Water Suppliers' ability to adequately provide water to our customers and will not have a negative impact on the Valley's water supply. CLWA and the water retailers continue to ensure that all drinking water quality standards are met and long-term solutions are put in place to address the presence of perchlorate in small portions of the Valley's groundwater aquifers.

"In addition, a pending update of the 2010 Santa Clarita Valley Urban Water Management Plan will examine the presence of perchlorate in Well 201," Masnada said.

Valencia Water Company works cooperatively with and as a member of the Santa Clarita Valley Family of Water Suppliers to provide customers a mix of groundwater pumped from area wells and imported state water. In April 2007, the local water suppliers and the Whittaker Bermite

-more-

property owners negotiated a settlement, which establishes funding to address the clean-up of perchlorate from the former munitions site.

Last year, a $13 million treatment facility near Bouquet Canyon Road and the Santa Clara River came on line to treat perchlorate in groundwater emanating from the Whittaker Bermite property. That treatment facility is part of a larger program that includes the restoration of two perchlorate-impacted wells to extract contaminated groundwater and control the migration of perchlorate in the Saugus Formation aquifer. The cost of that "pump and treat" system is also covered under the settlement agreement that protects the public from paying for the remediation costs.

As part of the settlement, several wells were identified as potentially threatened by perchlorate, including Well 201. Thus, while the now-operational pump and treatment program is intended to control migration of perchlorate, the possibility of further contamination in the direction of groundwater flow was recognized before its installation, and provisions were incorporated in the program to treat any additional wells impacted by perchlorate. Initial operation of the pump and treatment remediation is functioning as planned, and is still applicable for both of its objectives – to control contaminant migration near the source and to extract perchlorate from the aquifer system. In short, the detection of perchlorate at Well 201 does not reflect any change in the anticipated long-term effectiveness of the containment and treatment remedy.

Prior impacted wells included Q2, a Valencia Water Company well that underwent successful wellhead treatment in 2005 utilizing the same treatment technology contemplated for Well 201, and today has no perchlorate detection. Since 1997, seven wells in the Santa Clarita Valley, including this most recent one, have been impacted by perchlorate. Three of those wells have been successfully treated and returned to service, two have been replaced, one is planned to be replaced and this most recent well will have treatment installed.

Perchlorate is a regulated drinking water contaminant in California with a maximum contaminant level (mcl) of 6 parts per billion (ppb). The Valencia Water Company test in August 2010 was 5 ppb. During the last several months, readings have varied from 5 to 12 ppb in the most recent test.

Perchlorate is both a naturally occurring and man-made ion used to form a variety of salts. Perchlorate is primarily used today as an oxidizer in solid rocket fuel and other propellants and to a lesser extent, in fireworks, explosives and air-bag inflators. It is highly soluble in water and has been detected in ground and surface water in 26 states. It has also been detected in water supplies in close proximity to sites where solid rocket fuel was manufactured or used, such as the Whittaker Bermite site.

Valencia Water Company is a water provider to 113,000 residential, commercial, industrial and business customers in Valencia, Stevenson Ranch and portions of Saugus and Castaic.

Contact: Keith Abercrombie, General Manager, Valencia Water, (661) 295-6501
Dan Masnada, General Manager, CLWA, (661) 297-1600 Ext. 239

California Regional Water Quality Control Board
Los Angeles Region

320 West Fourth Street, Suite 200, Los Angeles, California 90013
(213) 576-6600 • Fax (213) 576-6640
http://www.waterboards.ca.gov/losangeles

Linda S. Adams
Acting Secretary for Environmental Protection

Edmund G. Brown Jr.
Governor

May 27, 2011

Mr. Stephen R. Maguin
Chief Engineer and General Manager
County Sanitation Districts of Los Angeles County
1955 Workman Mill Road
Whittier, California 90607-4998

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
NO. 7010 3090 0002 1022 3824

Dear Mr. Maguin:

***NOTICE OF VIOLATION* - SANTA CLARITA VALLEY SANITATION DISTRICT OF LOS ANGELES COUNTY, SAUGUS WATER RECLAMATION PLANT (ORDER NO. R4-2009-0075 NPDES NO. CA0054313, CI 2960)**

Santa Clarita Valley Sanitation District of Los Angeles County (hereinafter Discharger or SCVSD, formerly referred to as Los Angeles County Sanitation District), discharges wastewater pursuant to Order No. R4-2009-0075 and National Pollutant Discharge Elimination System (NPDES) Permit No. CA0054313 (Order), which was adopted by the California Regional Water Quality Control Board, Los Angeles Region (Regional Board).

The Order authorizes the Discharger to discharge up to 6.5 MGD of tertiary-treated wastewater from the Saugus Water Reclamation Plant (hereinafter Facility). The Order sets forth waste discharge requirements, including effluent limits, and a monitoring and reporting program (MRP CI-2960) that apply to the discharges of pollutants from the Facility. This wastewater contains chlorides and other pollutants that can degrade water quality and impact beneficial uses of water, and that are defined as wastes under the Porter-Cologne Water Quality Control Act (Cal.Wat. Code § 13000 et seq.). The treated wastewater is discharged to the Santa Clara River, a navigable water of the United States.

MRP CI-2960 requires that the Discharger submit self-monitoring reports, discharge monitoring reports, and an annual summary report to this Regional Board in compliance with all Standard Provisions related to monitoring, reporting, and recordkeeping.

Provision VI.C.8, on page 40 of the Order reads: "The discharger shall comply with the applicable TMDL-related tasks[1], and future revisions thereto, in Attachment K of this Order."

[1] The Upper Santa Clara River Chloride TMDL was approved by the Regional Board, the State Water Resources Control Board, the State Office of Administrative Law (OAL), and the U.S. EPA, and became effective on April 6, 2010. The USCR Chloride TMDL Implementation Plan, including Task 17(a), was accommodated into Order No. R4-2009-0075 and NPDES Permit No. CA0054313 on June 4, 2009 and became effective on July 24, 2009.

Attachment K lists the TMDL tasks. Page K-3 lists Task 17(a).

You are hereby notified that the Discharger is out of compliance with requirements established in the Order and has violated California Water Code section 13383 for failure to complete Task 17(a) in Attachment K as follows:

- Failure to complete a Programmatic Environmental Impact Report (EIR) for facilities to comply with final permit effluent limits for chloride. The Discharger submitted a copy of a Notice of Exemption from the requirement to prepare an EIR or Negative Declaration to the Regional Board on May 2, 2011. The Notice of Exemption does not meet the requirements of Task 17(a) in Attachment K because it does not constitute a programmatic EIR and it addresses actions to meet the conditional wasteload allocations (WLAs) not actions to meet the final effluent limits for chloride.

- Failure to submit an adequate Wastewater Facilities Plan for facilities to comply with final permit effluent limits for chloride. The Santa Clarita Valley Chloride TMDL Facilities Plan (Facilities Plan) submitted by the SCVSD on May 2, 2011 is inadequate because it is not a plan for actions to meet the final effluent limits for chloride of 100 mg/L. If the Facilities Plan was intended to comply with the conditional WLAs in the TMDL, it is inadequate because it does not provide the facilities necessary to allow application of conditional WLAs.

You are required to comply immediately with the following tasks:

1. Ensure that Task 17(a) in Attachment K is completed and the Wastewater Facilities Plan and Programmatic Environmental Impact Report for facilities to comply with final permit effluent limits for chloride are submitted to the Regional Board.

2. Ensure full implementation of all requirements contained in MRP CI-2960.

3. Submit a written response (1) confirming you have corrected these violations with a brief description of how you have corrected them, or (2) identifying when you will have completed correcting these violations and a brief description of how you will correct them. Submit your written response by June 27, 2011 to:

   Jenny Newman
   Chief, TMDL Unit 3
   California Regional Water Quality Control Board
   Los Angles Region
   320 W. 4th Street, Suite 200
   Los Angeles, CA 90013- 2343

Pursuant to CWC § 13385, you are subject to administrative civil liability of up to $10,000 for each day in which the violation occurs plus $10 multiplied by the number of gallons by which the volume discharged but not cleaned up exceeds 1,000 gallons. These civil liabilities may be assessed by the Regional Board for failure to comply, beginning with the date that the violations first occurred, and without further warning.

The matter may be referred to the Attorney General for further enforcement. In such case, the Attorney General may seek up to $25,000 per day and $25 per gallon. The Regional Board reserves its right to take any further enforcement action authorized by law.

In SCVSD's semi-annual status reports submitted on November 4, 2010, and May 2, 2011, SCVSD requested to use the reconsideration clause under Task 16 of the Upper Santa Clara River Chloride TMDL implementation plan to revise the TMDL to incorporate the Alternative Compliance Plan (ACP). The intent of the reconsideration clause under Task 16 is to consider extending the implementation schedule to implement control measures necessary to meet final conditional WLAs, not to revise the conditional WLAs to accommodate the ACP, as requested by SCVSD. Therefore, Regional Board staff is hereby declining to recommend to the Board a reconsideration under Task 16.

If you have any questions regarding this matter, please contact Jenny Newman at (213) 576-6691 or at jnewman@waterboards.ca.gov.

Sincerely,

Samuel Unger

Samuel Unger, P.E.
Executive Officer

cc: Julie Macedo, Office of Enforcement, State Water Resources Control Board
Frances McChesney, Office of Chief Counsel, State Water Resources Control Board

California Regional Water Quality Control Board
Los Angeles Region

320 West Fourth Street, Suite 200, Los Angeles, California 90013
(213) 576-6600 • Fax (213) 576-6640
http://www.waterboards.ca.gov/losangeles

Linda S. Adams
Acting Secretary for Environmental Protection

Edmund G. Brown Jr.
Governor

May 27, 2011

Mr. Stephen R. Maguin
Chief Engineer and General Manager
County Sanitation Districts of Los Angeles County
1955 Workman Mill Road
Whittier, California 90607-4998

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
NO. 7010 3090 0002 1022 3817

Dear Mr. Maguin:

***NOTICE OF VIOLATION* - SANTA CLARITA VALLEY SANITATION DISTRICT OF LOS ANGELES COUNTY, VALENCIA WATER RECLAMATION PLANT (ORDER NO. R4-2009-0074 NPDES NO. CA0054216, CI 4993)**

Santa Clarita Valley Sanitation District of Los Angeles County (hereinafter Discharger or SCVSD, formerly referred to as Los Angeles County Sanitation District), discharges wastewater pursuant to Order No. R4-2009-0074 and National Pollutant Discharge Elimination System (NPDES) Permit No. CA0054216 (Order), which was adopted by the California Regional Water Quality Control Board, Los Angeles Region (Regional Board).

The Order authorizes the Discharger to discharge up to 21.6 MGD of tertiary-treated wastewater from the Valencia Water Reclamation Plant (hereinafter Facility). The Order sets forth waste discharge requirements, including effluent limits, and a monitoring and reporting program (MRP CI-4993) that apply to the discharges of pollutants from the Facility. This wastewater contains chlorides and other pollutants that can degrade water quality and impact beneficial uses of water, and that are defined as wastes under the Porter-Cologne Water Quality Control Act (Cal.Wat. Code § 13000 et seq.). The treated wastewater is discharged to the Santa Clara River, a navigable water of the United States.

MRP CI-4993 requires that the Discharger submit self-monitoring reports, discharge monitoring reports, and an annual summary report to this Regional Board in compliance with all Standard Provisions related to monitoring, reporting, and recordkeeping.

Provision VI.C.8, on page 41 of the Order reads: "The discharger shall comply with the applicable TMDL-related tasks[1], and future revisions thereto, in Attachment K of this Order."

[1] The Upper Santa Clara River Chloride TMDL was approved by the Regional Board, the State Water Resources Control Board, the State Office of Administrative Law (OAL), and the U.S. EPA, and became effective on April 6, 2010. The USCR Chloride TMDL Implementation Plan, including Task 17(a), was accommodated into Order No. R4-2009-0074 and NPDES Permit No. CA0054216 on June 4, 2009 and became effective on July 24, 2009.

Attachment K lists the TMDL tasks. Page K-3 lists Task 17(a).

You are hereby notified that the Discharger is out of compliance with requirements established in the Order and has violated California Water Code section 13383 for failure to complete Task 17(a) in Attachment K as follows:

- Failure to complete a Programmatic Environmental Impact Report (EIR) for facilities to comply with final permit effluent limits for chloride. The Discharger submitted a copy of a Notice of Exemption from the requirement to prepare an EIR or Negative Declaration to the Regional Board on May 2, 2011. The Notice of Exemption does not meet the requirements of Task 17(a) in Attachment K because it does not constitute a programmatic EIR and it addresses actions to meet the conditional wasteload allocations (WLAs) not actions to meet the final effluent limits for chloride.

- Failure to submit an adequate Wastewater Facilities Plan for facilities to comply with final permit effluent limits for chloride. The Santa Clarita Valley Chloride TMDL Facilities Plan (Facilities Plan) submitted by the SCVSD on May 2, 2011 is inadequate because it is not a plan for actions to meet the final effluent limits for chloride of 100 mg/L. If the Facilities Plan was intended to comply with the conditional WLAs in the TMDL, it is inadequate because it does not provide the facilities necessary to allow application of conditional WLAs.

You are required to comply immediately with the following tasks:

1. Ensure that Task 17(a) in Attachment K is completed and the Wastewater Facilities Plan and Programmatic Environmental Impact Report for facilities to comply with final permit effluent limits for chloride are submitted to the Regional Board.

2. Ensure full implementation of all requirements contained in MRP CI-4993.

3. Submit a written response (1) confirming you have corrected these violations with a brief description of how you have corrected them, or (2) identifying when you will have completed correcting these violations and a brief description of how you will correct them. Submit your written response by June 27, 2011 to:

   Jenny Newman
   Chief, TMDL Unit 3
   California Regional Water Quality Control Board
   Los Angles Region
   320 W. 4th Street, Suite 200
   Los Angeles, CA 90013- 2343

Pursuant to CWC § 13385, you are subject to administrative civil liability of up to $10,000 for each day in which the violation occurs plus $10 multiplied by the number of gallons by which the volume discharged but not cleaned up exceeds 1,000 gallons. These civil liabilities may be assessed by the Regional Board for failure to comply, beginning with the date that the violations first occurred, and without further warning.

The matter may be referred to the Attorney General for further enforcement. In such case, the Attorney General may seek up to $25,000 per day and $25 per gallon. The Regional Board reserves its right to take any further enforcement action authorized by law.

In SCVSD's semi-annual status reports submitted on November 4, 2010, and May 2, 2011, SCVSD requested to use the reconsideration clause under Task 16 of the Upper Santa Clara River Chloride TMDL implementation plan to revise the TMDL to incorporate the Alternative Compliance Plan (ACP). The intent of the reconsideration clause under Task 16 is to consider extending the implementation schedule to implement control measures necessary to meet final conditional WLAs, not to revise the conditional WLAs to accommodate the ACP, as requested by SCVSD. Therefore, Regional Board staff is hereby declining to recommend to the Board a reconsideration under Task 16.

If you have any questions regarding this matter, please contact Jenny Newman at (213) 576-6691 or at jnewman@waterboards.ca.gov.

Sincerely,

Samuel Unger

Samuel Unger, P.E.
Executive Officer

cc: Julie Macedo, Office of Enforcement, State Water Resources Control Board
Frances McChesney, Office of Chief Counsel, State Water Resources Control Board

Print This Article

Pollutant spread worries state

Official said treatment of SCV groundwater needs to be re-evaluated due to spread of perchlorate

By Natalie Everett
Signal Assistant City Editor
neverett@the-signal.com
661-259-1234 x538
August 12, 2011

A state health official said the treatment of Santa Clarita Valley groundwater to remove a contaminant should be revisited, and possibly expanded, in light of the spread of the substance.

Since perchlorate was detected at a Valencia well, local water agencies have been asked to step up the previously yearly testing at 12 local wells to quarterly testing as agencies re-evaluate the spread of the munitions-manufacturing byproduct in groundwater, said Jeff O'Keefe, an engineer with the state Public Health Department.

"We need to re-evaluate the containment of the (perchlorate) plume," O'Keefe told about 20 members of the Whittaker-Bermite Citizens Advisory Group on Wednesday. "There needs to be careful, thoughtful analysis of (the Valencia well). ... It can't be 'Let's slap another treatment plant on it.'"

The August 2010 discovery of 5.7 parts per billion of perchlorate in water sampled from the well at McBean Parkway and Valencia Boulevard was surprising, O'Keefe said. Six parts per billion is the level that the state considers safe.

Since August 2010, that well has been closed, and is no longer contributing to the valley's water supply.

Officials with Valencia Water Company, the retailer that operates the well, are conducting monthly testing. Those tests show levels have almost tripled in the well to 13 parts per billion in June, O'Keefe said.

"It seemed to move fast in the last six months," O'Keefe said.

2007 agreement

Perchlorate, a salt found to hamper human thyroid function, is believed to be spreading from the Whittaker-Bermite site, located near the junction of Bouquet Canyon Road and Valencia Boulevard/Soledad Canyon Road.

Munitions were manufactured at the site for decades. Perchlorate is a byproduct of rocket fuel and one of several contaminants on the nearly 1,000-acre property.

Its discovery in the well in Valencia raises new questions about efforts to rid the Santa Clarita Valley's groundwater of the salt.

Those questions include whether the pump-and-treat system should be expanded beyond two Saugus wells, dubbed Saugus 1 and 2, that re-opened after more than a decade in 2010 equipped with perchlorate-treatment facilities.

Valencia Water Company and Castaic Lake Water Agency both said in June, when the perchlorate finding was made public, that the spread of perchlorate was expected to happen eventually.

Officials with both agencies pointed to a 2007 settlement agreement between local water agencies, including Valencia Water, and Whittaker Corp., which is the company paying to rid groundwater and the Whittaker-Bermite site of perchlorate and other pollutants.

Location a mystery

Dan Masnada, general manager of the Castaic Lake Water Agency, said the settlement agreement laid out 11 wells to which the perchlorate plume may eventually travel in groundwater, and the Valencia well was one of them. Whittaker Corp. agreed to pay to remove the salt if contamination occurs.

There was no real way of knowing how far past the Saugus wells the perchlorate plume had spread in 1997, when perchlorate was first detected there, he said. Saugus 1 and 2 are located in the Santa Clara River bed much closer to Whittaker-Bermite than the Valencia well.

Masnada said detected perchlorate also shut down a well near Magic Mountain Parkway and Valencia Boulevard near the Valencia well.

Since testing is only done where there's a well, "We don't know if the plume had just passed that well, or whether it was right next to the Valencia well," said Masnada, whose agency sells wholesale water to local water retailers.

Most water used in Santa Clarita Valley homes is a 50-50 mix of well water and State Water Project water.

'Not in the drinking water'

O'Keefe said Wednesday night, during the citizens' group quarterly meeting, that the perchlorate discovery "really was a surprise to everyone."

"Those legal documents served a different purpose," he said of the Whittaker settlement. "From my perspective, the Saugus wells were the impacted wells. That was the project, that's what we believed were impacted. ... We didn't anticipate the plume spreading. We thought Saugus 1 and 2 would provide containment."

Masnada said the Saugus treatment plant might have been the sole groundwater remedy — if it had opened 10 years previously.

"But that's not the case, and we have to deal with the cards we've been dealt," Masnada said.

O'Keefe commended Valencia Water for its swift action in shutting down the well.

"Everybody is safe," O'Keefe said. Water from the well "is not in the drinking water."

Some members of the public, including Citizens Advisory Group members, said Valencia Water should have notified the public as soon as perchlorate was detected. The Valencia well is part of a water supply that serves between 4,000 and 5,000 people.

http://www.the-signal.com/section/36/article/49405/

TESORO
del Valle

September 26, 2011

By E-mail
rruiz@planning.lacounty.gov

Pat Modugno, Chair
Esther L. Valadez, Vice Chair
David W. Louie, Commissioner
Harold V. Helsley, Commissioner
Curt Pedersen, Commissioner
Regional Planning Commission, Los Angeles County
320 W. Temple Street
Los Angeles, California 90012

Re: Proposed OVOV - Land Use Designation – Tesoro del Valle Project - VTT Map # 51644

Dear Chairman Modugno and Commissioners:

I am writing you on behalf of the 1,077 homeowners and approximately 3,700 residents of the Tesoro Del Valle Master Homeowners Association to oppose the proposed RL5 and RL10 Rural Land use designations for the as yet undeveloped Tesoro Planning Areas B & C.

I am a Member of the Board of Directors of the Tesoro Del Valle Master Homeowners Association. I am chairman of the Security Committee and a member of the Land Use Committee. I have served my community in one official capacity or another since early 2007. I attended the majority of the Board Meetings for the two years prior to that. I am also an original homeowner.

I specifically purchased my suburban-style home here in 2003 for the family life-style, the close knit neighborhood life-style, the wonderful non-rural community amenities which include our private park, pools, spas, tennis courts, clubhouse, other recreation facilities, and our landscaped and manicured common areas and slopes. The controlled environment provided for us by our CC&R's and the governing documents was also extremely appealing. I am not unique. I believe that virtually all the owners in our community bought for similar reasons.

I believe the Commission may have started down the path towards a rural land use designation at the December 2010 meeting without having heard several important points. Accordingly, I would like to highlight several provisions of our CC&R's and governing documents and give a little history for you to keep in mind as you make your decision.

We are one master planned community that includes Planning Areas A, B and C. Who says so? There are four determinative sources.

- The County Planning Department has recognized it as such since 1999.
- Our CC&R's specifically call for all of Tesoro, the developed section and Planning Areas B & C, to be one master planned community.
- An official state document, the Final Subdivision Report, also issued in 2003, states that all of "...Tesoro Del Valle is a master planned community..." which "...is subject to the Master Declaration" (aka the CC&R's).
- And the County's own actions speak volumes. All of Areas B, C as well as the already completed portion are within one Landscape and Lighting District (LLAD) zone. The CC&R's state that each owner acknowledges that the entire development is within LLAD #4 Zone 76 and each unit shall be subject to assessments therefore. This zone was established by the County. Why would the County create a zone covering all of Tesoro if it did not expect all of the planning Areas to be part of the same cohesive community?

Giving Areas B & C a vastly different land use than that in the already built Area A will make governing the community unnecessarily complex and difficult. Our one community deserves one land use or, at a minimum, similar, consistent and compatible land use designations.

On another point, please do not be fooled by the red herring that the "equestrian nature" of Areas B & C should be preserved, and therefore should have a rural land use. The facts don't bear this out.

The Final Subdivision Report recognizes the existence of a horse community in San Francisquito Canyon. This community is completely outside Areas B & C. With the appropriate mitigations that have been requested by the Planning Department, this community is not negatively impacted by a suburban development in Areas B & C.

The Report further states that horses are not allowed overnight anywhere in Tesoro. The Report said that there was going to be a trail through Tesoro that horses would be allowed on – the Cliffie Stone Multi-Use Trail with connector trails allowing access from San Francisquito Canyon – and that horses are never allowed in any other part of Tesoro.

Our CC&R's and the County's actions are equally explicit. The clear intent is that horse riding shall only be allowed on the trail created by the recorded easement entered into between the County and the master developers.

Another section of the CC&R's prohibits horses from being anywhere within the boundaries of Tesoro Del Valle. A third section states that "...no livestock shall be brought within the Project..." except on the County maintained trail.

We also have a rule consistent with our CC&R's which has been on the books since August 2003 that says "No... undomesticated or farm animals, livestock, horses, or poultry shall be brought within the Association or kept in any Unit".

I have witnessed this non-equestrian nature with my own eyes. As chairman of the Association's Security Committee I have been on numerous patrols over the past 4+ years of Areas B & C. Yet I have never seen anyone riding a horse there.

It is a virtual impossibility to modify the CC&R's such as splitting off Areas B & C into a separate HOA or to allow horses or livestock there. The law requires that such changes be approved by two-thirds of the voters in the HOA. We have never even had a two-thirds turnout for any of our elections let alone have two-thirds come together on any single issue.

Further, the CC&R's, per state law, are a contract that is legally binding on all our property owners and the HOA. Each original owner and subsequent owner bought their home subject to the terms and conditions of the CC&R's and in reliance on the information approved by the state in the Final Subdivision Report.

Please do not irrevocably change what Tesoro owners are legally entitled to and negatively impact the desirability of living there.

Please balance the equities. Vastly different land uses designations will divide and harm our community.

Sincerely,

Richard Galway

Richard Galway
For the Tesoro Del Valle Master Homeowner's Association
Board Member
Security Committee Chairman
Land Use Committee Member
Homeowner

cc: Richard J. Bruckner, Planning Director
Mitch Glaser, Supervising Regional Planner, mglaser@planning.lacounty.gov
Rosalind Wayman, Senior Deputy to Supervisor Antonovich

TESORO
del Valle
DISCOVER THE TREASURE

September 26, 2011

By E-mail
rruiz@planning.lacounty.gov

Pat Modugno, Chair
Esther L. Valadez, Vice Chair
David W. Louie, Commissioner
Harold V. Helsley, Commissioner
Curt Pedersen, Commissioner
Regional Planning Commission, Los Angeles County
320 W. Temple Street
Los Angeles, California 90012

Re: Proposed OVOV - Land Use Designation – Tesoro del Valle Project - VTT Map # 51644

Dear Chairman Modugno and Commissioners:

I am the President of the Tesoro del Valle Master Homeowners Association which governs the Tesoro del Valle Master Planned Community. In addition, to my officer position on the Board I serve as Chairman of the Landscape Committee and a member of the Land Use Committee. The Tesoro HOA is a very professional and sophisticated organization structured with seven working committees (Security, Architecture, Finance, Clubhouse, Enforcement, Landscape, and Land Use) to manage a challenging controlled master planned community environment of mix uses of residential housing (single family, townhouse, detached condos, and estate), commercial shopping center, elementary school, historic district, recreational amenities, and Copper Hill Drive parkway and median. The first of four planning phases of Tesoro has been completed with 1077 homes and approximately 3,700 residents on approximately 400 acres and the remaining acres are ready for development with the existing major infrastructure and urban services.

The Tesoro HOA was formed in May 2003 with governing documents of CC&R's, By Laws, and Design Guidelines to manage the Tesoro Master Planned Community. The Tesoro HOA has also worked closely with the County in monitoring three Landscape and Lighting Act Assessment Districts to provide funding to maintain open space, Tesoro Adobe Park, and Copper Hill Dr. Median.

The homeowners are proud of their community and have supported a substantial investment of money and time in maintaining and continuing to improve their master planned community. The HOA Board is dedicated to provide a high quality and well managed planned community as envisioned and expected by our homeowners when they purchased.

The HOA Board and Land Use Committee have been reviewing the OVOV General Plan update and other pending applications in the Santa Clarita Valley. We are in support of the County Planning Staff's recommendation for H2-Residential designation as an appropriate land use for OVOV and the remaining Tesoro undeveloped land. Recently, we were informed of a proposed change from H2-Residential to RL5 and RL10 Rural Land Use, since we are perceived to be an anomaly, with the residential land use surrounded by rural land use and lifestyle to the East and West.

I would like to address the misconception:

1) Our homeowners do not consider the Tesoro Master Planned Community to be a rural community, but a seamless extension of the Valencia Master Planned Communities of West Creek, West Hills, and North Park. They chose to live in a master planned community, governed by a HOA, CC&R's, Design Guidelines, and to pay monthly dues to manage and maintain the community. If they had wanted to live in a rural community with limited access and a lack of heavy infrastructure and urban services, they would have elected to do so; and
2) We understand why the County Planning Staff recommended RL-5 and RL-10 Rural Land Use for the property owners to the East and West of us, due to their desire and request to preserve their rural life style, which the County did accommodate with the approved San Francisquito and Castaic CSD, but we are not in the San Francisquito CSD and are exempt from the Castaic CSD. The perceived anomaly is due to the existing approved Tesoro Master Planned Community and Vesting Tentative Tract Map # 51644. Therefore, the Tesoro HOA respectfully requests the Commission to accommodate our desire to preserve our master planned community life style with the H2-Residential designation, as recommended by Planning Staff, instead of RL5 and RL10 Rural designations for the remaining undeveloped Tesoro property.

We applaud the Commission in instructing the County Planning Staff to respect the comments and recommendations of community organizations, who are more informed about their properties. The Tesoro HOA has been diligently involved in the present and future planning of its master planned community and is supportive of the Residential H2-Residential designation, that staff has recommended, as the appropriate OVOV Land Use. Our homeowners are the primary property owners directly impacted by having a residential land use designation. So please respect the Tesoro HOA Board's request, representing approximate 3,700 residents, in its determination that the H2-Residential designation is what is best for our community.

Sincerely,

Rick Ryan
Board President
Landscape Committee Chairman
Land Use Committee Member
For the Tesoro del Valle Master Homeowner's Association
Homeowner

Cc Richard Bruckner, Planning Director
Mitch Glaser, Supervising Regional Planner, mglaser@planning.lacounty.gov
Rosalind Wayman, Senior Deputy to Supervisor Antonovich

TESORO
del Valle
DISCOVER THE TREASURE

September 26, 2011

By E-mail
rruiz@planning.lacounty.gov

Pat Modugno, Chair
Esther L. Valadez, Vice Chair
David W. Louie, Commissioner
Harold V. Helsley, Commissioner
Curt Pedersen, Commissioner
Regional Planning Commission, Los Angeles County
320 W. Temple Street
Los Angeles, California 90012

Re: Proposed OVOV - Land Use Designation – Tesoro del Valle Project - VTT Map # 51644

Dear Chairman Modugno and Commissioners:

I am chairman of the Tesoro del Valle Master Homeowner Association Finance Committee and homeowner. I wish to express our support for County Planning Staff's Dec. 2010 recommendation of H-2 Residential Land Use for the pending OVOV General Plan Update on behalf of the Committee and financial health of the Tesoro HOA, that has financial obligations, which depend on the successful completion of the Tesoro Master Planned Community. Proposing a RL5 and RL10 Rural Land Use designation could jeopardize the ultimate build-out of the project. An incomplete project would cause a financial hardship for the Tesoro HOA by reducing the projected revenue, used to determine the monthly homeowner dues, which was approved by the California Department of Real Estate.

In addition to the financial impact on the Tesoro HOA, caused by an incomplete project, the Los Angeles County Landscape and Lighting Act Assessment District for the Tesoro Adobe Park, the Tesoro Commercial Shopping Center, and the Saugus School District could experience an economic hardship.

Again, on behalf of the Finance Committee, representing approximate 3,700 residents of the Tesoro del Valle Community, we request the H2-Residential designation and oppose the RL5 and RL10 Rural Land Use designation being proposed, which are not reflective of our community with the existing infrastructure and urban services suitable for future residential land use.

Thank you for your time and we look forward to your response. If you require any additional information, please let us know immediately. Thank you.

Sincerely,

Rick Friedman
Finance Committee Chairman
For the Tesoro del Valle Master Homeowner Association

cc: Richard J. Bruckner, Planning Director
Mitch Glaser, Supervising Regional Planner, mglaser@planning.lacounty.gov
Rosalind Wayman, Senior Deputy to Supervisor Antonovich

September 27, 2011

By E-mail
rruiz@planning.lacounty.gov

Pat Modugno, Chair
Esther L. Valadez, Vice Chair
David W. Louie, Commissioner
Harold V. Helsley, Commissioner
Curt Pedersen, Commissioner
Regional Planning Commission, Los Angeles County
320 W. Temple Street
Los Angeles, California 90012

Re: Proposed OVOV - Land Use Designation – Tesoro del Valle Project - VTT Map # 51644

Dear Chairman Modugno and Commissioners:

My name is Andrew Daymude, I am a Los Angeles County resident of Tesoro del Valle community for the last 7 years. I am a Regent of the California Architecture Foundation, a licensed landscape architect and a professional land use planner who has served on the Design Review Board (DRB) of the Tesoro del Valle community since its inception and served a two year term as a Tesoro Land Use Committee member. As part of the Land Use Committee, our charter was to review and analyze land use physical and policy changes in the Santa Clarita Valley that may have an effect on Tesoro. To that end, it is my opinion the residential land use designation H2 is consistent with the OVOV Policy and Vision, for the remaining undeveloped land, where infrastructure and urban services are in place to serve and to continue the residential master-planned community life style that exists today at Tesoro and the adjacent Valencia master-planned communities of North Park, West Creek, and West Hills.

Furthermore, as a Tesoro del Valle community homeowner and former Land Use Committee member, I have been specifically involved in reviewing the future planning of the Tesoro del Valle master-planned community and other related planning issues such as the County's OVOV General Plan Update. The Land Use Committee after reviewing the proposed H2 Residential land use designation for the future Planning Areas B and C are in support of the residential land use as the completion of the Tesoro del Valle master-planned community life style, existing Planning Area A first-phased development of 1,077 homes and approximately 3,700 residents.

As a long-range planner, visioning and planning for the full build-out of the master plan is important to the community as a whole. Therefore, residential land use is appropriate for Areas B and C, as undeveloped areas of the approved Vesting Tentative Tract Map No. 51644, since the Tesoro property has the backbone infrastructure completed to date with sewer, water, storm drains, dry utilities, water storage tanks, on-site access to the six lane Major Highway Copper Hill Drive and four lane bridge. In addition, on-site urban services are available such as the

Tesoro del Valle Elementary School, Tesoro Shopping Center, Tesoro Adobe Regional Park, and Tesoro Swim and Racquet Club Park.

For the future planning of residential land use, the Tesoro del Valle remaining land is appropriate as a continuation of the existing build-out of the multi-phased master planned community and adjacent Valencia master-planned communities of West Creek, West Hills, and North Park, and with existing urban services of Rio Norte Junior and Valencia High Schools, Copper Hill Fire Station, Copper Hill Drive transit services., and the Valencia and Lockheed Industrial Centers. The Tesoro property with the existing backbone infrastructure, commercial shopping center, adjacent industrial business center, and major highway access does not appear to meet the OVOV definition for RL5 and RL10 Rural Land Use with limited access and lack of heavy infrastructure and urban services. In the past, Los Angeles County has recognized the Tesoro property with similar topography as West Creek and is suitable for land use with improved access, which occurred with the construction of Copper Hill Drive.

In addition, we have heard of some concerns that residential land use would have an impact on the San Francisquito Canyon community life style, which is simply a misperception, since Los Angeles County has minimized that risk with the approval of the San Francisquito Canyon Community Standards District. These were further reduced by limiting portions of the areas B and C to one story structures and below the ridgeline to eliminate and visual impact to our neighbors in the San Francisquito Canyon area.

In conclusion, as a professional land planner in southern California, it is my opinion the residential land use designation H2 is consistent with the OVOV Policy and Vision, for Tesoro's remaining undeveloped land, where infrastructure and urban services are in place to serve and to continue the residential master planned community life style that exists today at Tesoro and adjacent Valencia master planned communities of North Park, West Creek, and West Hills.

Respectfully,

E. Andrew Daymude
Tesoro del Valle Master homeowner
Former Tesoro ARC & Land Use Committee Member

cc: Richard J. Bruckner, Planning Director
Mitch Glaser, Supervising Regional Planner, mglaser@planning.lacounty.gov
Rosalind Wayman, Senior Deputy to Supervisor Antonovich

Castaic Area Town Council

September 27, 2011

County of Los Angeles
Department of Regional Planning
Attn: Mitch Glaser
320 West Temple Street
Los Angeles, CA 90012

Re: One Valley One Vision – Charlie Canyon RL2 Designation

Dear Planning Commission,

It is imperative the Planning Commission to reconsider our last request to designate Charlie Canyon as RL-2.

The only chance our community has of getting a secondary cross valley road to Tesoro/ Copperhill (for snow closures, fires and other emergency situations) is a RL-2 density that will help pay for the cost of the road. Regional Planning's proposed RL-10 designation in Charlie Canyon will stifle any chance for growth and would adversely affect our community.

Please contact me directly with any questions at (661) 205-9245.

Sincerely,

Scott A. Wardle
President
Castaic Area Town Council

Cc: Rosalind Wayman

Castaic Area Town Council

September 27, 2011

County of Los Angeles
Department of Regional Planning
Attn: Mitch Glaser
320 West Temple Street
Los Angeles, CA 90012

Re: One Valley One Vision – Sloan Canyon Road

Dear Mr. Glaser:

At the September 21st regular meeting of the Castaic Area Town Council, the Town Council received a presentation from Citizens for Castaic regarding Sloan Canyon Road. At the end of their presentation, they requested the Town Council support the retention of Sloan Canyon Road north of Hillcrest Parkway as a limited secondary highway.

The Town Council voted (5-4) in favor of sending a letter to Regional Planning requesting the section of Sloan Canyon Road between Hillcrest Parkway to Mandolin Canyon remain a limited secondary highway. The primary consideration for this request was to provide a means of secondary access to the proposed high school site.

Please contact me directly with any questions at (661) 205-9245.

Sincerely,

Scott A. Wardle
President
Castaic Area Town Council

Cc: Rosalind Wayman

TELEPHONE:(310) 314-8040
FACSIMILE: (310) 314-8050

CHATTEN-BROWN & CARSTENS
2601 OCEAN PARK BOULEVARD
SUITE 205
SANTA MONICA, CALIFORNIA 90405
www.cbcearthlaw.com

E-MAIL:
ACM@CBCEARTHLAW.COM

September 27, 2011

Via Email and Hand Delivery
Regional Planning Commission
County of Los Angeles
320 W. Temple Street, Room 1350
Los Angeles, CA 90012

Re: Objection to Interagency Engineering Commission's Recommendation to Remove Limited Secondary Highway Designation for Sloan Canyon Road in OVOV Plan

Honorable Commissioners:

On behalf of Citizens for Castaic, a community organization consisting of more than 400 Castaic area community members, we strongly oppose the Interagency Engineering Commission's (IEC's) recommendation to remove the Limited Secondary Highway (LSH) designation of Sloan Canyon Road between Hillcrest Parkway and Mandolin Canyon Road as part of the proposed revisions to Circulation Element set forth in the One Valley One Vision Plan (OVOV). The OVOV does not propose to remove the LSH designation from the remainder of Sloan Canyon Road located northeast of Mandolin Canyon Road and south of Hillcrest Parkway.

A. Castaic High School is a Reasonably Foreseeable Project.

In proposing to remove the LSH designation from the middle section of Sloan Canyon Road, the environmental impact report (EIR) prepared by the County has failed to take into consideration that the William S. Hart School District (School District) is moving forward with development of the Castaic High School project in Romero Canyon. The School District has proposed to provide access to the Castaic High School via the section of Sloan Canyon Road the OVOV has proposed to downgrade. (**Attachment 1**, School District's checklist of progress on the Castaic High School project; **Attachment 2**, School District contract with The Planning Center requiring EIR to include analysis of access via middle section of Sloan Canyon Road.) Approximately 30 percent of the Castaic population lives on Hillcrest Parkway, and would likely access the proposed high school by using the portion of Sloan Canyon Road between Hillcrest Parkway and Mandolin Canyon Road.

The Castaic High School project would also serve as a catalyst for additional development that would utilize Sloan Canyon Road. The ION site, Larwin site and the portion of tentative tract map 47807 owned by Eugene Lombardi would likely begin construction of their approved residential developments once the High School has been constructed. Additionally, there are several undeveloped parcels of land nearby that may be proposed for additional residential development once the high school is in place.

B. Limited Secondary Highway Designation Would Provide Safer and More Convenient Access.

Maintaining the LSH designation would provide safer and more convenient access to the proposed high school, new residential development, and other local traffic. If the LSH designation is removed from this section of Sloan Canyon Road, development of this section of the road would be limited to 28 feet under the Castaic Area Community Standards District.

Attached to this letter is a report prepared by traffic expert Tom Brohard responding to statements made in the final EIR regarding the removal of the LSH designation from the middle section of Sloan Canyon Road. (**Attachment 3**, September 26, 2011 Brohard Report.) Mr. Brohard has over 40 years of experience as a traffic engineer, many of which were spent as the city traffic engineer for cities throughout Southern California. Mr. Brohard found the Castaic High School would generate 7,400 vehicle trips per day and at least 2,700, and likely many more, of those additional trips would access the High School via Sloan Canyon Road between Hillcrest Parkway and Mandolin Canyon Road. Moreover, the majority of the trips generated by the High School would be at the beginning and end of the school day, which would coincide with peak hour trips for residents going to and from work. According to the OVOV Traffic Study, and concurred with by Mr. Brohard, the maximum capacity of a local street is 2,000 vehicles per day. Thus, if Sloan Canyon Road is downgraded to a local street, it would be inadequate to provide access to the Castaic High School. It would also be inadequate to provide the access that will be required by the residential developments that will likely be spurred by the High School.

A 28 foot wide local street would also be unsafe as an access route for the Castaic High School because the width limitations would eliminate the ability to provide bike lanes for students. (See September 26, 2011 Brohard Report.) Under the LSH designation, there would be adequate space for bike lanes, which according to the California Department of Education are imperative for accessing high schools. Maintaining the LSH designation for the middle section of Sloan Canyon Road would also ensure there is adequate space for turn lanes for high school students and residents with horse trailers. Gridlock caused by inadequate width and inability to include a turn

lane will increase localized pollution hotspots affecting schoolchildren and contribute to greenhouse gas emissions if Sloan Canyon Road is downgraded to a local street.

C. The EIR Must Consider Traffic That Would be Generated by Castaic High School.

In response to Citizens for Castaic's previous requests that the use of Sloan Canyon Road as an access route for the Castaic High School be considered, the final EIR stated that traffic from the Castaic High School was not being considered because a location for the high school had not been proposed when the notice of preparation for the EIR was issued. The final EIR cites to California Environmental Quality Act (CEQA) Guidelines section 15125(a) to support the claim the County need not consider the high school generated traffic when proposing to remove the LSH designation for Sloan Canyon Road. Section 15125(a) deals with the baseline environment that must be considered when analyzing a project's impacts. While the environmental conditions at the time of the notice of preparation "normally constitute the baseline", the County has the discretion to select a differing baseline if it would provide for a more accurate assessment of the impacts associated with removing the LSH designation. (*Fat v. County of Sacramento* (2002) 97 Cal.App.4th 1270, 1277.)

Moreover, even if the Castaic High School project is not considered part of the baseline conditions, it should be considered as a reasonably foreseeable and cumulatively considerable project. The removal of LSH designation would have traffic impacts that are cumulatively considerable when combined with the traffic impacts of the Castaic High School. The County should not make a major planning decision, which would change a roadway designation that has been in place for at least 50 years and would affect all future development in this area of Castaic, in a vacuum, ignoring the high likelihood that a high school with 2,600 students would be using Sloan Canyon Road for access.

D. There is Overwhelming Community Support for Maintaining the Limited Secondary Highway Designation.

As demonstrated by our July 11, 2011 letter, the community overwhelmingly supports maintaining the limited secondary highway designation on all of Sloan Canyon Road. More than 622 Castaic residents and 6 Castaic business owners signed letters opposing the proposal to remove the LSH designation from the middle section of Sloan Canyon Road, which Citizens for Castaic submitted to each of you in July. In addition to the support of many Castaic residents, the Castaic Area Town Council voted on September 21, 2011 to support a request to the County that the LSH designation be maintained for the portion of Sloan Canyon Road. The Town Council had previously requested the removal of the designation, but due to the changed circumstances of the

Castaic High School now proposing to provide access along this section of Sloan Canyon Road, determined that the designation should be left in place. The William S. Hart School District and the developer for the Castaic High School project have also expressed their support for maintaining the LSH designation on all of Sloan Canyon Road. (**Attachment 4**, letter of support for maintaining LSH designation from Romero Canyon LLC, the developer for the Castaic High School.)

Conclusion

In conclusion, Citizens for Castaic urges you to maintain the LSH designation for all of Sloan Canyon Road. Sloan Canyon Road has been designated as a limited secondary highway for more than 50 years. The community has known of this designation and it has been relied upon for the approval future development projects in the area. This will provide the community with the necessary north-south connection and provide adequate and safe access to the proposed Castaic High School. Thank you for your time and consideration in this matter.

Sincerely,

Amy Minteer

cc: Citizens for Castaic
Mitch Glasser, Los Angeles County Supervising Regional Planner
County Supervisor Michael Antonovich
Rosalind Wayman, Senior Deputy to Supervisor Antonovich
Edel Vizcarra, Planning Deputy to Supervisor Antonovich

ATTACHMENT 1

Castaic Area High School

- Home
- Blog
- FAQs
- Map
- Photos
- Twitter
- Videos

Castaic Area HS Mailing List

Email Address:

Submit

Consultant Reports

Presented to the Governing Board

· Scoping Meeting, March 8, 2011 presentation
· Notice of Preparation, Feb 24, 2011
· California Geological Survey , Feb 1, 2011
· Conclusions of Preliminary Studies, July 14, 2010

July 10, 2010 Reports
· Biology Resources Study
· Phase I Archaeological Investigation
· Geotechnical Desktop Study
· On-Site Hydrology Report
· Traffic Study

June 8, 2010 Reports
· Agenda for Discussion
· Environmental Update
· Traffic Mitigation Study
· Geotechnical Summary
· Romero Canyon Oil Well Abandonment
· Civil Engineering Summary of Preliminary Findings

May 5, 2010 Reports
· Conceptual Land Grading Map
· Environmental Presentation

· Geotechnical Presentation
· Traffic Study Presentation

Archived Reports

Castaic Area High School

"Providing excellence in education to your children, closer to home"

Board Meeting Updates

Update August 17, 2011
Tom Cole, Chief Operations Officer, presented a report to the Board of Directors stating that the Preliminary Environmental Assessment (PEA) for the Castaic area high school has been prepared in accordance with school district guidelines for implementing California Environmental Quality Act (CEQA) and AB 972 requirements for public review. Mr. Cole also stated that pursuant to the Education Code, the District is required to obtain a "No Further Action" determination from Department of Toxic Substances Control (DTSC) on the PEA prior to proceeding with the acquisition/construction of a new school in Castaic and the results of the PEA have determined that no further assessment is needed at this time on the preferred site of Romero Canyon. After filing a public notice on August 1, 2011, the District conducted a public hearing on August 16, 2011, to receive comments on the PEA, with no one attending the hearing nor had any written comments been received to date. He indicated that the written public comment period would conclude on September 1, 2011 and following September 1, the District will notify DTSC of the results to obtain final approval.

Update July 20, 2011
Presented by Tom Cole, Chief Operations Officer
Mr. Cole reported that 1) the three additional borings approved by the Board were completed and the findings will be submitted in a report to CGS (California Geologic Survey), 2) CGS was on site and conducted their own investigation on each exposed boring; and 3) that the seller is proceeding with eliminating the District's title exceptions.

Update June 22, 2011
Presented by Tom Cole, Chief Operations Officer
Mr. Cole reported that 1) the District advised the seller of all title exceptions, completed on June 13, 2011, 2) the seller agreed to cure all title exceptions, received by the District on June 16, 2011, and 3)the seller requested of the District the release of the $170,000 deposit on the preferred school site of Romero Canyon to the seller relative to an escrow transaction which occurred this date, June 22, 2011.

Updates Archive

Progress Report

September 2011

Hart Governing Board selects Romero Canyon as the preferred site, July 2010.

ENVIRONMENTAL IMPACT REPORT (EIR)

In Progress The Hart District's EIR consultant is currently analyzing this preferred site under the California Environmental Quality Act (CEQA).

In Progress Governing Board approves proposal to conduct supplemental traffic analyses for EIR, Jan. 2011.

☑ Scoping meeting for Notice of Preparation, March 8, 2011. *The public and all responsible agencies had the opportunity to comment on the EIR.*

☑ Governing Board approves proposal to analyze an alternative access plan within the EIR. May, 2011.

GEOTECHNICAL

☑ Consultants completed geotechnical report, Nov. 2010, concluding that Romero Canyon site is suitable for a high school.

In Progress Hart School District submitted geotechnical report to California Geological Survey (CGS), Dec. 2010.

☑ Governing Board approves proposal for additional geotechnical investigations. May, 2011.

ARCHITECTURAL

In Progress Governing Board approved Ruhnau, Ruhnau and Clark, LLC as the project architect, Oct. 2010. Preliminary design phase has begun.

☑ Initial Conceptual Site Plan, Feb. 2011.

PURCHASE AND SALE AGREEMENT

☑ Executed Purchase Agreement, May 2011

☑ Title Company selection, May 2011.

☑ Buyer deposits $170,000 into escrow account, May 2011.

- ☑ Buyer's identification of title exceptions, June 2011.
- ☑ Seller's agreement to cure title exceptions, June 2011.

Projected opening for Castaic Area High School for 9th graders, Aug. 2014.

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ATTACHMENT 2

THE PLANNING CENTER

May 12, 2011

Thomas B. Cole
Chief Operations Officer
Wm. S. Hart Union High School District
21515 Centre Pointe Parkway
Santa Clarita, CA 91350

Subject: Castaic High School (WSH-02.0E)

Dear Tom:

The public review period for the Notice of Preparation closed on March 28, 2011. Written responses have been received from seven public agencies and 25 responses have been received from individuals or law firms. These comments run several hundred pages and raise a number of environmental issues. The most significant of these comments concern the need for a second public access route from the south and the determination of the proper "baseline" (or existing conditions) for the EIR. Based on these comments and in particular, because of recent case law concerning the use of a "hypothetical" baseline based on future improvements by others, we are making several recommended changes to our approach to the EIR.

Please note that as of the date of our proposal, it had not been determined whether the road improvements and extension of utilities had been covered "in previous CEQA clearances or included in technical studies." Because of this we stated that "our scope covers the campus and not offsite improvements. We further assume that the studies prepared by others are adequate to address the proposed project, and work to supplement these studies is outside this scope of work." [Proposal, August 12, 2010, page 2]

First, the off-site roadway improvements must be addressed as part of the high school project. These include the main access road (Sloan-Mandolin-Harp-Romero-Valley Creek) and the proposed Romero Canyon emergency-only road. Note that the Romero Canyon emergency-only road has not been previously reviewed and while the main access road (Sloan) was previously included as a mitigation measure in a previous CEQA document, its actual environmental review was negligible. This requires that we now complete a review of the environmental impacts of these road where we previously understood that we would either not need to evaluated them or that we could rely on previous CEQA and technical studies.

Because of the strong public comments that a secondary public access road is needed, we recommend inclusion of an alternative access plan that includes the main access road and a second access road from the southern boundary of the school following Romero Canyon, Baringer and Sloan to Hillcrest. This alternative would eliminate the need for an emergency-only road along Romero Canyon Road and may eliminate the need to provide four lanes along the main access road. The Romero-Baringer-Sloan to Hillcrest road may be built to fire road, public road or a combination of these standards. If the fire road standard is permitted, environmental impacts may be reduced in certain sensitive areas. We are assuming that the public road scenario will be evaluated as a worst-case scenario and the fire road option (in certain locations) will be treated as a sub-alternative.

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As described below, we will engage the services of Sikand to provide conceptual improvements plans where needed. The conceptual improvement and grading plans, earth movement quantities, areas of disturbance, etc. will be used to evaluate the environmental impacts of these improvements. Sikand will work with the County and determine whether these improvements satisfy County standards and whether changes in their classifications are necessary.

Second, we are recommending completion of the Initial Study with a recirculated NOP. Our previous approach was to circulate the NOP without the Initial Study to speed the process. The change in project to include the off-site roadway improvements is sufficient to require recirculation of the NOP. Because of the concerns raised in the NOP comments that the lack of an Initial Study limited the public's ability to review the project and provide adequate comments on the scope of the EIR, we recommend that the Initial Study be completed with the changes to the project and then recirculate it with the revised NOP.

CONCEPTUAL ROAD IMPROVEMENT PLANS

Sikand will be responsible for preparing conceptual improvement plans for the Romero emergency road and a second public road (and emergency-only road sub-option) following Romero-Baringer-Sloan to Hillcrest. As described below, these plans will assist The Planning Center in evaluating the environmental impact of developing these roads. The tasks below describe Sikand's scope of work.

Task 1: Assistance in providing information on the main access road (Sloan-Mandolin-Harp-Romero-Valley Creek), including grading quantities, scheduling and area of disturbance).

Task 2: Romero Canyon Road emergency access only: conceptual improvement plans for 24-foot pavement to join northerly and of exiting paved road. Meet with LA County DPW and Fire Department to determine any additional requirements on the existing paved road.

A. Conceptual plans for emergency Fire Department connection to existing paved road (approximately 1,500 feet southerly of TT47807.

B. Meet with LA County DPW and Fire Department to determine any additional requirements on the existing paved road.

C. If necessary, provide additional conceptual plan for items determined from County meetings.

Task 3: Prepare conceptual plans for second public access road and emergency road option following Romero, Baringer, and Sloan to Hillcrest.

A. Southern campus boundary to Sloan following Romero and Baringer, and Baringer to Sloan: 100-scale plans for two options: emergency-only road and public road.

B. Sloan from Baringer to Hillcrest: 200-scale conceptual plans for two options: emergency only road and public road.

Task 4: Provide input of alternative sites with grading quantities and area of disturbance.

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GEOLOGY

Geolabs will be engaged to perform this task. The conceptual road improvement plans will require input on the geologic conditions along their path. Based on published geologic maps of the area, air photos in Geolabs' library, and knowledge of the area, Geolabs will produce a generalized map showing the geologic elements along each of the alignments. Geolabs will produce a bulleted summary that will enumerate the geologic units that are anticipated, qualitative assessment of their likely impacts, and the common measures that are used for mitigation of their adverse impacts. Neither field mapping, subsurface exploration, soil testing, quantitative analyses, nor review of specific geotechnical reports that may have been prepared for various properties along the alignments will be undertaken. The extent of existing, site-specific geotechnical reports is unknown. The budget provided for this task has been estimated based on the information available and work beyond this level will not be performed.

BIOLOGICAL RESOURCES

ECORP will supplement its previous biological studies to cover the three access routes described elsewhere in this letter and address the comments contained in the NOP response letter from the California Department of Fish and Game (CDFG). This letter makes recommendations of survey work to be completed, particularly for the access routes, as well as different types of analysis that are to be included in an updated biological technical report for the project.

Task A: Survey Area of Geological Testing

The District's geologist will identify the area of possible disturbance for additional geologic testing. Just prior to the geologic work, ECORP will survey the area to determine if sensitive or endangered species are present. Once day of field work is assumed and brief report will be prepared.

The three access routes are described briefly. Route 1 was previously approved as part of Tract 46443, and extends from Sloan Canyon Parkway. Route 2 would occur along existing Romero Canyon Road, which is partially paved. Route 3 would follow existing dirt roads north of Hillcrest Parkway.

This proposal contains a Scope of Work that is intended to address a letter from the California Department of Fish and Game (CDFG) regarding the Environmental Impact Report for Castaic High School. This letter makes recommendations of survey work to be completed, particularly for the access routes, as well as different types of analysis that are to be included in an updated biological technical report for the Project.

The Scope of Work and Cost detailed below reflects ECORP's approach to the biological resources services.

Task 1: Biological Assessment and Updated Biological Report

ECORP will conduct a literature search of existing public databases to determine which biological resources have been recorded nearby to the Project area. This will include a review of the California Natural Diversity Data Base and other applicable public databases. If there are existing documents that contain biological information about the project site, and these are made available to ECORP, they will also be reviewed. These data will be reviewed in order to make a full evaluation of the existing resources and potential resources that could be affected by the project action. They will also be used to direct the site walkover survey.

After the literature review, the entire site would be surveyed in order to record the presence of any biological resources that are present and to evaluate the potential for biological constraints to occur. Plant communities would be identified and mapped, and a full plant and animal species list would be compiled. Any sensitive biological resources that are observed would be recorded and mapped. Photographs would be taken from several angles to fully document the site conditions at the time of the survey.

Should the habitat evaluation identify the potential for species which could cause a constraint to project development, it may be that additional focused survey work would need to be conducted. If such work is identified, the need for additional work will be discussed with District and separately scoped. Species for which additional evaluation could be necessary include, but are not limited to, Coastal California gnatcatcher, arroyo toad, western spadefoot, western pond turtle, coast horned lizard, two-striped garter snake, San Diego black-tailed jackrabbit and San Diego desert woodrat. Of these species, the two most sensitive are the gnatcatcher and the arroyo toad. The report will incorporate a full evaluation of the potential for occurrence of these two species.

ECORP will update the existing biological report for the Romero Canyon development parcel by adding in results of surveys for the access routes. The existing report includes sections such as an introduction, project description, methods, and results. Appendices include full plant and animal species lists, and site photographs. Maps of the project area and its development layout with respect to existing biological resources are also included. These sections would all be updated.

In addition, the report will include a discussion regarding anticipated Project impacts and proposed mitigation for those impacts and an alternatives analysis of the access routes.

Impact Assessment and Mitigation Measures
In accordance with the standards identified in the California Environmental Quality Act (CEQA), the impacts of the Project will be presented and discussed. This will include a discussion of temporary and permanent impacts caused by the development of the Project. A potential example of a temporary impact would be a construction staging area. The report will also discuss direct, indirect and cumulative impacts of the Project on biological resources. Direct impacts include impacts that are caused by Project ground disturbance primarily associated with site grading. Indirect impacts are impacts related to the development of the Project, but that do not necessarily have an immediate effect. This could include, for example, impacts due to construction noise and dust. Cumulative impacts are impacts to the regional populations of wildlife and plants, impacts to wildlife movement corridors, impacts to functionality of open space areas adjacent to Project areas, and so on.

Alternatives Analysis
Within the biological report, a range of alternatives will be identified and analyzed with regard to their potential impacts to biological resources. This will include an analysis of separate alternatives for the high school Project location. Sensitive biological resources to be included in the analysis include coastal sage scrub, riparian habitat resources, alluvial fan sage scrub, and wildlife and plant species. The analysis will include alternatives with minimal biological impacts to sensitive resources.

Draft copies of the biological report will be made available electronically for review by the District. Upon receiving comments, the report will be finalized and submitted as part of the environmental documentation. ECORP anticipates one round of District comments and one round of public comments.

Task 2: Jurisdictional Wetland Delineation
An ECORP biologist and an ECORP wetland delineation specialist will visit the site in order to characterize the jurisdictional resources that are present. The jurisdictional delineation will follow the federal method, as defined by the Army Corps, using methodology outlined in the *Corps of Engineers Wetlands Delineation Manual* (Environmental Laboratory 1987) and the *Regional Supplement to the Corps of Engineers Wetland Delineation Manual: Arid West Region* (Arid West Region Supplement Version 2.0) (U.S. Army Corps of Engineers 2008). The boundaries of potential Waters of the U.S. will be delineated through field determination, made in conjunction with aerial photograph interpretation and sample point analyses.

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All wetland data will be recorded on Arid West Region - Wetland Determination Data Forms, to be included in the report. A color aerial photograph will be used to assist with mapping. *Munsell Soil Color Charts* (Kollmorgen Instruments Company 1990) will be used to aid in identifying hydric soils in the field. *The Jepson Manual* (Hickman, *ed.* 1993) will be used for plant nomenclature and identification.

The entire project area will be walked to determine the location and extent of potential waters of the U.S. Sample points will be taken in key locations to characterize ACOE jurisdictional features. The location of the sample point will be chosen based on observed presence of hydrophytic vegetation, wetland hydrology, and potential hydric soils. At the sample point location, vegetation, hydrology, and soils will be described on an Arid West Wetland Determination Data Form. These data will be used to support a determination of wetland or non-wetland status.

The total area of the potential Waters of the U.S. and other jurisdictional features will partly recorded in the field using a post-processing capable global positioning system (GPS) unit with sub-meter accuracy (Trimble GeoXT). Limits of jurisdiction will be estimated based on Ordinary High Water Mark.

Jurisdiction for the California Department of Fish and Game will be determined based on the presence of stream habitats. Generally the CDFG jurisdictional boundaries are broader than ACOE jurisdictional boundaries and include entire floodplains rather than just the areas exhibiting an Ordinary High Water Mark. CDFG jurisdiction includes the definable bed, bank, or channel, areas that support periodic or intermittent flows, perennial flows, subsurface flows, support fish or other aquatic life, and areas that support riparian or hydrophytic vegetation in association with a streambed.

Using the data collected during the field visit, a report will be prepared that describes the methods used, results of the survey work, and anticipated biological constraints located on the Project site. An analysis of the Project site under the MSHCP will be included in the document, to describe the Project level of compliance and identify any additional survey needs if applicable. The report will include figures that will depict locations of jurisdictional areas on site, and described them in detail. Any locations of sensitive plant or animal species observed will also be depicted on Project maps.

A draft copy of the jurisdictional delineation report will be submitted electronically for review and comment. Once comments have been received, they will be addressed and a final report will be prepared and submitted both electronically and by three hard copies.

Task 3: Focused Surveys

Due to the potential for several sensitive resources to occur within areas planned for improvement along the access road alternatives, focused surveys may be needed. As of the time of this proposal, three potential focused surveys are identified. These should be considered as optional tasks, and may not be necessary unless habitat for the species is identified in an impact area. As mentioned in the letter written by the CDFG, other species for which additional evaluation could be necessary include, but are not limited to, Coastal California gnatcatcher, arroyo toad, western pond turtle, coast horned lizard, two-striped garter snake, San Diego black-tailed jackrabbit and San Diego desert woodrat. The need for survey work for these species will be identified during the biological assessment.

Rare Plant Surveys

Due to the potential for several rare plant species to occur, ECORP will provide a rare plant survey for this project area. We assume that the survey will be conducted in two days with two biologists, and will entail walking the undeveloped portions of the road alignments to record any rare plant species present at the time of the survey. The rare plant surveys for the parcel itself are not included as these are thought to be adequate based on recent survey results (2010). Should surveys for the parcel also be required, this would entail an additional day with two biologists.

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The rare plant survey timing will coincide with the most suitable time to expect the potentially-occurring plant species to be in bloom, which is May to early June. Plant species to be searched for specifically include primarily the Plummer's Mariposa Lily, San Fernando Spineflower, and Slender Mariposa Lily, but if other species are observed their presence will be recorded and identified in the biological study report. Any sensitive plant species observed will be mapped on project maps, which will also be included in the report.

Western Spadefoot Survey
The western spadefoot is an amphibian species that is listed by the State of California as a Species of Special Concern. ECORP will conduct a habitat assessment for this species at the time of the biological assessment. If habitat is identified, a focused survey will be conducted for the species within suitable habitat. Two surveys would be completed during the spring, within one month of an average or better rainfall event. Results of the survey would be incorporated in the biological report. If the species is identified on site, the report would also propose mitigation measures for mitigating impacts to the species.

Oak Tree Inventory
Due to the presence of several oak trees along the access routes, and potential for impact or removal of individual oaks during access road grading, an oak tree inventory would be needed in order to comply with the Los Angeles County Oak Tree Ordinance. Under the Los Angeles County Ordinance, a person shall not cut, destroy, remove, relocate, inflict damage, or encroach into the protected zone of any tree of the oak tree genus, which is 8" or more in diameter four and one-half feet above mean natural grade or in the case of oaks with multiple trunks combined diameter of twelve inches or more of the two largest trunks, without first obtaining a permit. The survey effort would map and tag oak trees within the project limits that qualify for protection under the Ordinance. The results would be incorporated into the biological report, in addition to proposed mitigation measures for any impacts to oak trees that qualify for protection.

Task 4: Wetland Mitigation Plan
As part of the environmental review process, impacts to wetlands and other jurisdictional areas must be mitigated. ECORP will prepare a mitigation plan that mitigates the impacts and meets with criteria contained within the applicable wetland permits with both state and federal agencies. The mitigation plan will provide a description of the site's physical features, anticipated impacts, and habitat to be impacted and proposed mitigation site within the Project boundaries. Since there is an existing plan, the plan will be updated to the extent practicable.

ECORP will analyze the existing hydrology, soil features, hydrological features of the proposed development and the suitable mitigation locations within the finished development as part of a feasibility analysis. This analysis will ensure that mitigation being proposed will be successful and acceptable to the agencies. It will also determine whether there is a need for soil amendments, extended irrigation, or other special measures to implement at the mitigation site.

A full description of the timeline for both the installation period and maintenance and monitoring period will be described in the report. Roles of the landscape contractor, maintenance contractor and restoration biologist will be described in detail. The plan will contain a description of all responsible stakeholders in the restoration, and their respective roles.

Any mitigation that involves restoration needs to be evaluated by meeting certain success criteria. The plan will detail the success criteria. According to the permit requirements, restoration efforts shall have a minimum of 80% survival, by species, the first year and 90% survival thereafter and/or shall attain 35% cover after 3 years and 60% cover after 5 years for the life of the project. Prior to the restoration site being determined successful, they shall be entirely without supplemental irrigation for a minimum of 2 years. No single species shall constitute more than 50% of the vegetative cover, no woody invasive species shall be present, and herbaceous invasive species shall not exceed 5% cover.

The plan will discuss procedures for replacement plantings, contingency measures, maintenance, and success monitoring. The mitigation plan will also specify reporting requirements for both the installation period and the maintenance and monitoring period. Any needed coordination with agencies will be detailed in the plan, including the final review and approval of the mitigation site.

Draft copies of the plan will be made available electronically for review by the District. Upon receiving comments, the plan will be finalized and submitted to the agencies for their input. ECORP anticipates two rounds of District comments and on round of agency comments. Once the report is finalized by agency approval, it will become part of the Project public record.

Task 5: Permit Coordination
ECORP will coordinate with the regulatory agencies to renew the existing permits for impacts to jurisdictional areas. The permit coordination will entail meetings by phone and in person with agency personnel and District representatives. ECORP assumes no more than five meetings would be necessary, including a field meeting. Further, it is assumed that the existing permit can be renewed and that there would be no substantial change to ground conditions that would require a new permit application to be prepared. All fees associated with permit renewal would be paid for by the Project Proponent. Mitigation would be addressed by preparation of a wetland mitigation plan, detailed above.

This task may need to be amended if extended permit coordination is required, or there are any substantial unforeseen issues regarding the renewal process with the regulatory agencies. This task assumes that renewal would be a two to three month process, once the necessary biological data has been updated by field assessment. A total of 40 hours are assumed for this task, of senior staff time.

Task 6: Project Meetings
ECORP will attend project meetings as requested by District. This will include meetings in person primarily, or teleconferences/web-meetings about different aspects of the project or its continuing approval process. The scope for these meetings may include discussions of mitigation, recommendations for species protection during construction, avoidance of biological resources, and so on. Hours and costs for such meetings will be accounted on a time and material basis, and would involve senior staff. A total of 16 hours in allocated to meeting time.

ECORP Costing Assumptions
Documents that are part of the project record and are available, that may pertain to the work being performed, would be made available. Particularly the existing jurisdictional delineation, oak inventory, permits with state and/or federal agencies and biological reports.

- Cost and schedule estimates are based on our best judgment of the requirements known at the time of the proposal and can be influenced favorably or adversely by Client needs and other circumstances. ECORP Consulting, Inc. will endeavor to perform the services and accomplish the objectives within the presented costs and schedule. However, if the scope of work or schedule changes, ECORP Consulting, Inc., reserves the right to revise costs and the schedule accordingly.

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- ECORP Consulting, Inc. assumes that, by receipt of notice to proceed, full access to the property will be provided by the Client, including keys to locked gates and advance notice to existing property tenants of our right of entry.
- ECORP Consulting, Inc. shall not be held responsible for work delays or cancellations caused by strikes, accidents, acts of God, delays imposed by the Client, or other delays beyond the control of ECORP Consulting, Inc.
- It is assumed that ECORP Consulting, Inc. can use and rely on the data and information contained in the project related documents provided by the Client. ECORP Consulting, Inc., will not perform a technical review of these documents, and will not be responsible for the content or accuracy of these studies.
- Change orders will be issued and signed by the Client and ECORP Consulting, Inc. before starting additional work not provided for in the original proposal. If the Client's authorized representative is not available for a signature, the additional out-of-scope work will not commence until the change order is signed.
- This cost is valid for a period of 60 days from the date of this the proposal. Beyond 60 days, ECORP Consulting, Inc., reserves the right to reevaluate the cost.
- Expert Witness Testimony, including Depositions, is billed on a time-and-materials basis at time and a half.
- One round of comments and responses for each document is included.
- No focused biology surveys are included, with the exception of rare plant surveys, spadefoot toad surveys, and oak tree inventory
- No extended agency consultation with biological resources agencies is included other than permit preparation and coordination for the jurisdictional impacts.

CULTURAL RESOURCES

Supplemental Archaeological Records Search

McKenna et al. will complete supplemental research for each alignment (and would appreciate a copy of the Campus Rose report for reference). This research will be completed at the California State University, South Central Coastal Information Center, Fullerton, California. McKenna et al. will review previously completed reports and obtain copies of pertinent cultural resource records. McKenna et al. will also review the historic maps for the area. This level of research will be used to assess the project area known resources and/or buried cultural resource sensitivity.

Historic Background Research

McKenna et al. will provide a cursory history of the general area. This research will be based on historic maps, general historical documents, and data available through the McKenna et al. in-house library.

Native American Consultation

McKenna et al. will contact the Native American Heritage Commission, Sacramento, and inquire into their records on sacred or religious site locations. McKenna et al. will also use the Commission's listing of local Native American representatives to contact individuals wishing knowledge of projects and/or wishing to provide additional data.

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Paleontological Overview
McKenna et al. will provide a standard paleontological overview to address any potential for such resources within the project area. If this data was provided by Compass Rose, McKenna et al. will not duplicate their research and the budget will be amended to reflect the savings.

Field Survey
McKenna et al. will complete a field reconnaissance survey of the three alternatives. The alignments will be photo-documented and supplemented with field notes.

Analysis
The project analysis will be completed for CEQA compliance. Identified resource will be formally recorded on the appropriate California Department of Parks and Recreation DPR 523 forms, as required, and the evaluation will be based on the CEQA criteria for significance and/or recognition.

Report Preparation
McKenna et al. will prepare a technical report(s) in a format consistent with state (Office of Historic Preservation) data requirements. In this case the Archaeological Resource Management Report (ARMR) guidelines will be followed and all data required for studies in Los Angeles County will be included.

TRAFFIC

Austin-Foust Associates will prepare a supplemental traffic analysis to address a second access point alternative. This alternative includes construction of Sloan Canyon Road from Hillcrest Parkway north to Baringer Road (also referred to as the Romero/Sloan cutoff), which would connect Sloan Canyon Road to a new segment of Romero Canyon Road directly south of the site. As such, trips to and from the south would be able to utilize Hillcrest Parkway to access this Sloan Canyon Road/Baringer Road/Romero Canyon Road connection to the project site.

The purpose of the proposed analysis is to supplement the project's June 2010 traffic study, which evaluated a single access roadway for the project site. This supplemental analysis will evaluate a two access point alternative for each scenario presented in the June 2010 study. The scenarios evaluated would be as follows:

1) Short-Range with 1,600 Students
2) Short-Range with 2,600 Students
3) Buildout Conditions with 2,600 Students

Each analysis will be based on having an emergency access gate on Romero Canyon Road just south of Baringer Road, and the off-site study area will be identical to that which was used for the June 2010 traffic study. The results of the analysis will be written up in a stand-alone technical memorandum that is suitable for inclusion with the project's environmental documentation.

NOP/INITIAL STUDY

The Planning Center will revise the NOP and Initial Study to include two access alternatives as explained above. The revised NOP will be sent to the District for publication in the local newspaper and NOP/IS will be distributed to the project mailing list (52).

ENVIRONMENTAL IMPACT REPORT

Based on the studies identified above and additional work described below, the EIR will now cover off-site improvements, including two access routes.

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Aesthetics
The planned roadways generally follow existing dirt roads or are located within approved tract maps. The EIR will identify the areas to be disturbed and describe the visual changes associated with the improvements. Visual simulations are not included in this scope.

Air Quality
Based on the construction and grading information coming from the conceptual road improvement plans, we will calculate construction-related emissions for the two access options. Emissions for operations-related impacts will be calculated under the two access scenarios as well. Total VMT will be estimated based on trip lengths estimated for the two access routes.

Biological Resources
The supplemental survey work by ECORP will be used expand the EIR to include all access route improvements. There is some additional work to be completed by ECORP to address the Department of Fish and Game's NOP comments, as well.

Cultural Resources
Based on the additional survey work by McKenna, this section of the EIR will be expanded to address the two access scenarios.

Geology and Soils
We plan to describe the conditions along the road alignments based on information provided by Geolabs (see technical scope above).

Global Climate Change
GHG emissions will be calculated for construction-related emissions under both access scenarios. GHG emissions will also be calculated for operations-related emissions under the two access scenarios based on estimated VMT.

Hazards and Hazardous Materials
This section of the EIR will be expanded to cover the additional off-site road improvements under two scenarios. However, because the roads are not considered part of the campus, it is assumed that preparation of a Phase I ESA or PEA and DTSC oversight will not be necessary.

Hydrology/Water Quality
Stormwater runoff from the access roads will be estimated and the drainage and water quality BMPs will be described in general terms based on the conceptual plans produced by Sikand.

Land Use & Relevant Planning
The classification of the second access route will be identified. It is expected that the conceptual roadway plans will not differ from the County designation. Since the routes follow existing dirt roads, existing or planned communities should not be impacted. (If it determined that the project would involve a changed in road classification of any access road, the County may require additional analysis not included in this scope).

Mineral Resources
It is assumed that available information will be sufficient to dismiss the potential impacts on mineral resources in the Initial Study and no additional work will be necessary for the EIR.

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Noise
Noise generated by traffic along the access routes will be quantified based on volumes contained in the traffic study. Sensitive uses along those routes will be identified and a comparison of projected noise levels against existing noise levels and appropriate significance thresholds will be determined.

Public Services
The addition of a second access option will raise issues of fire protection, emergency response times, etc. A comparison of the two access scenarios will be provided in the EIR.

Recreation
The only recreation-related impacts associated with the roadway improvements would be related to planned County trails. County trail plans will be reviewed for locations along proposed roadways and the potential for impact will be determined.

Traffic/Parking
As described above, Austin-Foust Associates will supplement its traffic analysis to evaluate the second public access alternative. The EIR section will be expanded to address short- and long-term traffic impacts under both scenarios.

Utilities and Service Systems
The proposed project includes the extension of utilities along the main access road. Because the primary access route (and the extended utility lines) would exist under both scenarios, the addition of a second access option would not affect the delivery of utilities.

Alternatives
As explained above, we will now have two access options. The main access option remains Sloan-Mandolin-Harp-Romero-Valley Creek, plus Romero Canyon emergency-only road. The second option would maintain the main access road, but eliminate Romero Canyon emergency-only road and replace it with route following Romero-Baringer-Sloan to Hillcrest. This second option would be built to public road, fire road standards or a combination of the two. This second alternative would provide the public with two access routes to the school.

The second route also has two sub-options. The first sub-option would have the greatest impact with a full public-width standard. The second sub-option would include at least a portion of the alignment limited to county fire standard. The limited width of the fire standard would be used to limit environmental impact in sensitive areas.

The two access options will be reviewed throughout the various sections of the EIR. However, the two alternatives and sub-options must also be addressed in comparing them to the other alternatives in the Alternatives sections.

Growth Inducement
We are assuming that the access road alternatives do not involve a reclassification of road by the County and that the re-striping to four lanes along Sloan-Mandolin-Harp-Romero-Valley Creek would only be required on a temporary basis. An expanded review of growth inducement, including additional traffic analysis, would likely be required if a reclassification is necessary or the four-lane re-striping is made permanent.

Graphics
The addition of a second access route will require the completion of additional graphics for the NOP/Initial Study and EIR.

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Responses to Comments
The additional scope identified herein will likely generate comments related to these elements. Our current authorization provides for a maximum of 50 hours in responding to comments, with additional hours to be billed on a time and materials basis. We are not requesting that this maximum be increased at this time, but it should be noted that the hours and cost under this task are likely to rise above 50 hours.

FEE ESTIMATE

Table 1 displays the fees to complete the various tasks described above.

Sincerely,

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Dwayne Mears, AICP
Principal, School Facilities Planning

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TABLE 1.
CASTAIC HIGH SCHOOL EIR - SUPPLEMENTAL COSTS

TASK	COST
ENVIRONMENTAL ANALYSIS	
Site reconnaissance	$2,000
Revise NOP	200
Revise Initial Study	3,500
Recirculate NOP/Initial Study	400
Catalog/Review New NOP Comments	2,100
Executive Summary	600
Project Description	1,200
Aesthetics	2,200
Air Quality	3,100
Biological Resources (technical study below)	800
Cultural Resources (technical study below)	400
Geology and Soils	400
Global Climate Change	1,600
Hazards and Hazardous Materials	1,200
Hydrology/Water Quality	3,400
Land Use & Relevant Planning	800
Mineral Resources (assumes dismissed in IS)	n.a.
Noise	4,200
Public Services	1,200
Recreation	800
Traffic/Parking (technical study below)	2,100
Utility Systems	800
Access Alternatives and Suboption	2,200
Word Processing/Editing	900
Graphics	2,100
Meetings/Conference Calls	4,500
Project Management/Quality Control	7,000
Subtotal - Labor	**$47,700**
SUBCONSULTANTS	
ECORP - Task A: Pre Drilling Survey	$2,300
ECORP - Task 1: Biological Assessment & Updated Biological Report	7,000
ECORP - Task 2: Jurisdictional Delineation	4,500

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TABLE 1.
CASTAIC HIGH SCHOOL EIR - SUPPLEMENTAL COSTS

TASK	COST
ECORP - Task 3: Focused Surveys	
Rare Plant Survey	4,500
Spadefoot Toad Survey	2,300
Oak Tree Inventory	4,000
ECORP - Task 4: Wetland Mitigation Plan	4,300
ECORP - Task 5: Permit Coordination	5,600
ECORP - Task 6: Meetings	3,500
Sikand - Task 1: Assist with Main Access Road	6,000
Sikand - Task 2: Romero Canyon Road Improvement Plans	9,990
Sikand - Task 3: Romero/Baringer/Sloan to Hillcrest Improvement Plans	27,000
Sikand - Task 4: Assist with Alternative Sites	2,400
Sikand - Reproduction/Misc Expenses	1,000
Geolabs – Geologic Mapping along Access Routes	6,250
Austin-Foust Associates - Traffic Analysis	5,700
McKenna et al. - Cultural Resources	3,685
Administrative Fee (12.5%)	12,503
Subtotal - Subconsultants	**$112.528**
REIMBURSABLES	
Misc Photocopies, etc.	$300
NOP/Initial Study (52 copies)	2,340
Postage/Deliveries	400
Mileage/Travel	500
Subtotal- Reimbursables	**$3,540**
GRAND TOTAL	**$163,768**

ATTACHMENT 3

Tom Brohard and Associates

September 27, 2011

Amy Minteer
Chatten-Brown & Carstens
2601 Ocean Park Blvd. Suite 205
Santa Monica, CA 90405

SUBJECT: Review of the Final Environmental Impact Report (Final EIR) for the Proposed Santa Clarita Valley Area Plan Update in the County of Los Angeles – Deletion of Sloan Canyon Road in Castaic – Traffic Issues

Dear Ms. Minteer:

In my January 19, 2011 letter, I provided a number of comments on the Santa Clarita Valley Area Plan Update Draft EIR relating to Sloan Canyon Road in the Castaic area. These comments were enclosed with your January 21, 2011 letter (Letter D79) beginning on Page 2.0-480 of the September 2011 Santa Clarita Valley Area Plan Update Final EIR (Final EIR). In addition to my review of the responses to our comments in the Final EIR that begin on Page 2.0-504, I noted that not a single word in Section 3.2 (Transportation and Circulation) of the Draft EIR or in the OVOV Traffic Study has been changed in response to our comments and those made by others.

In several responses in the Final EIR, my comments on the Draft EIR were dismissed as expressing "...the opinion of the commenter..." and "...The County does not concur that..." These statements in the Final EIR are largely incorrect. Nearly all of the information presented in my comments was obtained from the Draft EIR and the other documents that I reviewed.

In my review of the Final EIR, I found the responses contradict the OVOV Traffic Study capacity of a local street of 2,000 vehicles per day. If the traffic capacity of a local street was actually 9,000 vehicles per day as claimed in the Final EIR, then there are at least six other limited secondary highways that would also be degraded to local streets with the proposed Highway Plan. Critically important traffic volume forecasts from the former traffic model that were used to support the current Highway Plan were not provided or compared as requested in my comments. In addition, my comments regarding Castaic High School were taken directly from the Draft Traffic Study prepared by Austin-Foust Associates and do not reflect my professional opinions or include speculation. These significant issues and concerns are explained in more detail throughout this letter, and they must be properly addressed in the Final EIR.

Final EIR Contradicts OVOV Traffic Study Capacity of Local Streets - The capacity of a local street is critically important to the deletion of the limited secondary highway designation and the reversion of Sloan Canyon Road and other roadways to local streets. For example in Comment 30, I indicated that the

81905 Mountain View Lane, La Quinta, California 92253-7611
Phone (760) 398-8885 Fax (760) 398-8897
Email tbrohard@earthlink.net

capacity of a local street is 2,500 vehicles per day. While this value is shown in Table 3-1 on Page 3-5, the capacity of the local street classification and its functions are more fully described on Pages 3-2 and 3-3 of the OVOV Traffic Study as follows:

"This classification applies to two-lane roadways in residential areas that serve the adjacent properties. Local streets are intended to provide access to adjacent land uses exclusively, and are not designed or intended to carry through-traffic or allow for high speeds. Traffic carrying capacities of 10,000 vehicles per day or more are physically possible, but a maximum capacity of approximately 2,000 vehicles per day is targeted in order to provide an environment consistent with the adjoining residential uses."

In response to Comments 24, 25 and 30, the Final EIR states "The commenter is incorrect. A local street can accommodate up to 9,000 vehicles per day..." In fact, the responses to my comments are incorrect and they directly contradict the OVOV Traffic Study "...maximum capacity of approximately 2,000 vehicles per day..." for a local street. The Final EIR must be revised to properly identify the maximum capacity of a local street as 2,000 vehicles per day, the acceptable amount of traffic as defined in the OVOV Traffic Study.

The definition of an acceptable amount of traffic on a local residential street depends on many factors such as housing setbacks, street width, the presence of on-street parking, location (downtown, suburbs, rural) and the connectivity of adjacent streets. While two-lane local residential streets are physically capable of carrying more than 2,000 vehicles per day, higher traffic volumes cause excessive delays for vehicles backing out of driveways, do not provide a pleasant pedestrian experience, and certainly would not represent a "livable" street. From my experience, a local residential street limited to 28 feet in width should not be required to carry any more than 2,000 vehicles per day.

Other Roadways Are Inconsistent with Final EIR Local Street "Capacity" – Pages 3-10 and 3-12 in the OVOV Traffic Study list a number of roadways that will be reclassified as limited secondary highways with the recommended Highway Plan. From the traffic analysis volumes presented in Figure 3.2-7 of the Draft EIR, the daily traffic volume forecasts with buildout of the OVOV Plan and the Proposed City General Plan include the following:

- Lake Hughes Road from Ridge Route to Angeles National Forest Boundary – 7,000 vehicles per day

- Vasquez Canyon Road from Bouquet Canyon Road to Sierra Highway – 6,000 vehicles per day

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- Shadow Pines Boulevard/Tick Canyon Road from Soledad Canyon Road to Davenport Road – 5,000 vehicles per day
- McBean Parkway from Copper Hill Drive to San Fransisquito Canyon Road – 9,000 vehicles per day
- San Fransisquito Canyon Road from the planned extension of McBean Parkway to the Angeles National Forest – 9,000 vehicles per day
- Placerita Canyon Road from Sierra Highway to Sand Canyon Road – 4,000 vehicles per day

The lowest daily traffic volume forecast for the streets above is 4,000 vehicles. From the recommendations to reclassify each of the above street segments to a limited secondary highway, it appears that the OVOV Traffic Study daily traffic volumes threshold for a local street was applied. If the Final EIR capacity of "up to 9,000 vehicles per day" threshold had been applied, then the six streets above should be dropped from the proposed Highway Plan as limited secondary highways since they would default to local streets. Since these streets remain as limited secondary highways, then Sloan Canyon Road should also remain as a limited secondary highway in the proposed Highway Plan.

The Final EIR also notes that local streets typically include numerous driveways to provide access, whereas a limited secondary highway best suits its goal of providing mobility if there are limited access points. Sloan Canyon Road would fit this requirement of a limited secondary highway as there are only eight driveways in the area between Hillcrest Parkway and Mandolin Canyon Road. This limited number of driveway access points would not conflict with the mobility goal of a limited secondary highway.

Daily Traffic Volume Forecasts Have Not Been Provided – In other responses, the Final EIR does not provide information that I requested to validate the conclusions reached in the OVOV Traffic Study and the Draft EIR. For example, Comment 25 indicated that traffic volumes for Sloan Canyon Road from west of Quail Valley Road to Hillcrest Parkway were not provided to compare those used to support the current Highway Plan with those for the proposed Highway Plan. While the response failed to fully address this comment, the response did forecast 2,000 vehicles per day for Sloan Canyon Road but did not specify the location where this will occur. From Figure 3.2-7 in the Draft EIR, it appears that the response may have referred to Sloan Canyon Road just west of Quail Valley Road rather than 3,000 vehicles per day on Sloan Canyon Road just south of Hillcrest Parkway.

With the proposed change in designation from a limited secondary highway to a local street for Sloan Canyon Road, it is critically important to compare and

cross-check the forecasts between the prior and the updated traffic models. With Sloan Canyon Road having been designated as a limited secondary highway for many years, there certainly should be traffic volume forecasts available from the prior traffic model that support the current Highway Plan. What are they?

In attempting to justify the difference in traffic volume projections for Sloan Canyon Road south of Hillcrest Parkway, the response speculates that the difference "...is most likely attributed to changes in land use data that was used in the SCVCTM." I have examined the land use assumptions and resulting trip generation on Pages B-39 and B-40 in Appendix B-2 to the OVOV Traffic Study for Traffic Analysis Zones 1, 2, 13, 14, 15, 16, 17, 18, and 19, those zones surrounding Sloan Canyon Road that would likely result in trips on this roadway. There is no significant difference between the sums of the trips forecast with development at the current City/County land uses (63,412 daily trips) compared to those forecast under the OVOV Plan land uses (60,524 daily trips). The decrease of 2,888 daily trips between these land use scenarios, less than 4.6 percent of the total daily trips generated by these zones, should not decrease the Sloan Canyon Road traffic volume forecasts enough to justify a change in classification from a limited secondary highway to a local street.

Castaic High School Traffic Impact Comments Are Not "Speculation" – The Wm. S. Hart Union High School District is preparing a Draft EIR for Castaic High School, with release of the Draft EIR scheduled by the end of 2011. It is my understanding that the Draft EIR and updated traffic study now being prepared for Castaic High School will evaluate two access roadways for the selected Romero Canyon site, one to the east and one to the south of this school.

The Romero Canyon site is located on the boundary of Traffic Analysis Zones 1, 14, and 15. The OVOV Traffic Study land use and trip generation tables for buildout conditions forecast a total of 12,084 daily trips for the three traffic analysis zones. The high school land use is not included in any of these three traffic analysis zones and the daily trip total sum does not include any high school trips.

In preparing my January 19 2011 comments on the Draft EIR, I reviewed the June 1, 2010 Draft Traffic Study prepared by Austin-Foust Associates for Castaic High School at the Romero Canyon Site. The issues and concerns expressed in Comments 33, 34, and 35 provided information directly from this Draft Traffic Study. The Final EIR responses that these comments "...only express the opinions of the commenter..." and that "...the commenter is speculating as to significant impacts..." are incorrect.

From the Draft Traffic Study, the high school with an enrollment of 2,600 students will generate 7,400 daily trips including 2,500 trips in just the AM peak hour alone, higher than the 2,000 vehicle capacity over an entire day for a local

residential street. With a single access for the high school to and from the east on Sloan Canyon Road, the Draft Traffic Study forecasts 46 percent of the high school trips on I-5 and 27 percent on The Old Road. With 7,400 daily trips generated by the high school, 5,400 daily trips (73 percent) will be oriented to and from the south on either I-5 or on The Old Road.

Page 5-1 of the Draft Traffic Study concluded that significant traffic impacts will occur at five intersections with 2,600 students and that these significant traffic impacts would not be fully mitigated based on Los Angeles County criteria. In addition, either four traffic lanes would be needed on Sloan Canyon Road east of Castaic High School or Traffic Demand Management (TDM) measures such as staggered arrival/dismissal times, ride-sharing, and carpooling would be required.

The June 1, 2010 Draft Traffic Study for Castaic High School on the Romero Canyon site did not evaluate direct vehicle access to and from the south. With 5,400 daily high school trips oriented to and from the south, it is my professional opinion that many of these trips would reroute to a direct north-south roadway connection such as Sloan Canyon Road. If only half of these high school trips used this direct north-south connection, then 2,700 additional daily trips would occur on the north-south portion of Sloan Canyon Road. The daily traffic using this roadway segment would then be about 6,000 vehicles, significantly higher than the 2,000 vehicles per day capacity of a local street identified in the OVOV Traffic Study. Additionally, once the Castaic High School is constructed, it will spur residential development in the surrounding area, including several tract maps that have already been approved, as well as new developments.

Concerns regarding access to Castaic High School and the traffic impacts associated with a single vehicle access to the east were discussed during several different meetings during the last quarter of 2010. Since the preparation of my comments of January 19, 2011, I have reviewed documents acquired by Citizens for Castaic pursuant to a Public Records Act request, including ROMERO CYN LLC meeting minutes and emails regarding the Romero Canyon High School site. An email dated October 7, 2010 from Randy Wrage provides a summary of a meeting with Los Angeles County staff regarding access to the high school site as follows:

- East Access
  - Parker between The Old Road and Sloan – "Since there are houses on the street in this area, it was generally agreed we wouldn't want to encourage that direction for freeway access."
  - Sloan – "...one lane each direction with a painted median... everyone thought it was a good idea... a 'hybrid' between standard and non-standard designs..."

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- South Access to Sloan
  - Barringer – "If this connection (Barringer) were to occur, the Parker direction probably never goes to 4 lanes and will lessen the impacts in Castaic and The Old Road intersections."

Additional Considerations for Castaic High School Access – A local street is limited to 28 feet in width in the Castaic area. As indicated in the OVOV Traffic Study, this width accommodates only two vehicle lanes. A limited secondary highway designation typically provides either two or four vehicle travel lanes, but other alternatives are also available such as two traffic lanes separated by a two-way left turn lane as discussed in October 2010 with County staff.

By providing a north-south access in addition to the east-west access for Castaic High School, Sloan Canyon Road in both directions could provide one traffic lane in each direction separated by a two-way left turn lane. The area outside each through traffic lane could also be striped as a bicycle lane in accordance with the recommendation in the Draft Traffic Study that "The roadways that provide access to the school site should also be designated to accommodate all modes of travel, such as walking and biking."

As discussed throughout this letter, the contradictions and inconsistencies within the EIR for the Santa Clarita Valley Area Plan Update must be corrected. Castaic High School on the Romero Canyon site will significantly increase traffic volumes on Sloan Canyon Road. The Draft EIR and revised traffic study for the proposed high school project are scheduled for release in the next three months. It is premature for the County of Los Angeles to remove the limited secondary highway designation on the north/south portion of Sloan Canyon Road from Mandolin Canyon Road to Hillcrest Parkway at this time. Finally, the removal of the limited secondary highway designation from this middle section of Sloan Canyon Road together with retaining the designation on each end, will sever community connectivity, and defies transportation planning principles.

If you have questions regarding these comments, please call me at your convenience.

Respectfully submitted,

Tom Brohard and Associates

Tom Brohard

Tom Brohard, PE
Principal

Tom Brohard, PE

Licenses:	1975 / Professional Engineer / California – Civil, No. 24577 1977 / Professional Engineer / California – Traffic, No. 724 2006 / Professional Engineer / Hawaii – Civil, No. 12321
Education:	1969 / BSE / Civil Engineering / Duke University
Experience:	40 Years
Memberships:	1977 / Institute of Transportation Engineers – Fellow, Life 1978 / Orange County Traffic Engineers Council - Chair 1982-1983 1981 / American Public Works Association - Member

Tom is a recognized expert in the field of traffic engineering and transportation planning. His background also includes responsibility for leading and managing the delivery of various contract services to numerous cities in Southern California.

Tom has extensive experience in providing transportation planning and traffic engineering services to public agencies. Since May 2005, he has served as Consulting City Traffic Engineer three days a week to the City of Indio. He also currently provides "on call" Traffic and Transportation Engineer services to the Cities of Big Bear Lake and San Fernando. In addition to conducting traffic engineering investigations for Los Angeles County from 1972 to 1978, he has previously served as City Traffic Engineer in the following communities:

- Bellflower ..... 1997 - 1998
- Bell Gardens ..... 1982 - 1995
- Huntington Beach ..... 1998 - 2004
- Lawndale ..... 1973 - 1978
- Los Alamitos ..... 1981 - 1982
- Oceanside ..... 1981 - 1982
- Paramount ..... 1982 - 1988
- Rancho Palos Verdes ..... 1973 - 1978
- Rolling Hills ..... 1973 - 1978, 1985 - 1993
- Rolling Hills Estates ..... 1973 - 1978, 1984 - 1991
- San Marcos 1981
- Santa Ana ..... 1978 - 1981
- Westlake Village ..... 1983 - 1994

During these assignments, Tom has supervised City staff and directed other consultants including traffic engineers and transportation planners, traffic signal and street lighting personnel, and signing, striping, and marking crews. He has secured over $5 million in grant funding for various improvements. He has managed and directed many traffic and transportation studies and projects. While serving these communities, he has personally conducted investigations of hundreds of citizen requests for various traffic control devices. Tom has also successfully presented numerous engineering reports at City Council, Planning Commission, and Traffic Commission meetings in these and other municipalities.

In his service to the City of Indio since May 2005, Tom has accomplished the following:

- Oversaw preparation and adoption of the Circulation Element Update of the General Plan including development of Year 2035 buildout traffic volumes, revised and simplified arterial roadway cross sections, and reduction in acceptable Level of Service criteria under certain constraints

- Oversaw preparation of fact sheets/design exceptions to reduce shoulder widths on Jackson Street over I-10 as well as justifications for protected-permissive left turn phasing at I-10 on-ramps, the first such installation in Caltrans District 8 in Riverside County; oversaw preparation of plans and provided assistance during construction of a $1.5 million project to install traffic signals and widen three of four ramps at the I-10/Jackson Street Interchange under a Caltrans encroachment permit issued under the Streamlined Permit Process

- Oversaw preparation of fact sheets/design exceptions to reduce shoulder widths on Monroe Street over I-10 as well as striping plans to install left turn lanes on Monroe Street at the I-10 Interchange under a Caltrans encroachment permit

- Oversaw preparation of traffic impact analyses for Project Study Reports evaluating different alternatives for buildout improvement of the I-10/Monroe Street and the I-10/Golf Center Parkway Interchanges

- Oversaw preparation of plans, specifications, and contract documents and provided assistance during construction of 22 new traffic signal installations

- Oversaw preparation of plans and provided assistance during construction for the conversion of two traffic signals from fully protected left turn phasing to protected-permissive left turn phasing with flashing yellow arrows

- Reviewed and approved over 450 work area traffic control plans as well as signing and striping plans for all City and developer funded roadway improvement projects

- Oversaw preparation of a City wide traffic safety study of conditions at all schools

- Prepared over 350 work orders directing City forces to install, modify, and/or remove traffic signs, pavement and curb markings, and roadway striping

- Oversaw preparation of engineering and traffic surveys to establish enforceable speed limits on over 125 street segments

- Reviewed and approved traffic impact studies prepared for more than 16 major development projects

Since forming Tom Brohard and Associates in 2000, Tom has reviewed many traffic impact reports and environmental documents for various development projects. He has provided expert witness services and also prepared traffic studies for public agencies and private sector clients.

ATTACHMENT 4

ROMERO CYN, LLC

VIA FIRST CLASS MAIL

September 21, 2011 20330.443

The Honorable Michael D. Antonovich
L.A. County Board of Supervisors
Kenneth Hahn Hall of Administration
500 West Temple Street, room 869
Los Angeles, CA 90012

Dear Supervisor Antonovich, Mike,

On behalf of Romero Cyn LLC, I convey strong support in preserving the portion of Sloan Canyon Road located between Hillcrest Parkway and Mandolin Canyon Road as a *limited secondary highway designation.*

Thank you for your consideration.

Very truly yours,

Larry Rasmussen 9/21/11

Larry Rasmussen

Cc: Amy Minteer, Chatten-Brown & Carstens
Tom Cole, William S. Hart High School District
Castaic Area Town Council

21070 Centre Pointe Parkway • Santa Clarita,CA 91350 • PH: (661) 259-5606 • FAX:(661) 259-4065

Montalvo
VENTURES

3600 Birch Street, Suite 220 | Newport Beach, CA 92660
p: 949.863.9099 | f: 949.863.9010 | www.montalvoventures.com

September 27, 2011

By E-mail
rruiz@planning.lacounty.gov

Pat Modugno, Chair
Esther L. Valadez, Vice Chair
David W. Louie, Commissioner
Harold V. Helsley, Commissioner
Curt Pedersen, Commissioner
Regional Planning Commission, Los Angeles County
320 W. Temple Street
Los Angeles, California 90012

Re: *Santa Clarita Valley Area Plan Update (One Valley One Vision)*
Agenda Item No. 6; Project No. R2007-01226-(5)

Dear Commissioners:

We represent the family that has owned the balance of the undeveloped phases of the Tesoro del Valle master-planned community since 1950. The Tesoro del Valle planned community is located in unincorporated Los Angeles County, within the Santa Clarita Valley, approximately two miles north of the City of Santa Clarita. We submit this letter on the family's behalf in response to the Regional Planning Commission's upcoming public hearing concerning the Santa Clarita Valley Area Plan Update (One Valley One Vision [OVOV]), which is scheduled for September 28, 2011.

At the December 8, 2010 Planning Commission hearing on the OVOV Update, a discussion took place regarding staff's recommendation for the H2-Residential designation for Tesoro's remaining phases within the planned community. After presentation of a PowerPoint slide characterizing the proposed H2-Residential designation as an anomaly, the Commission instructed staff to change the designation of Tesoro's undeveloped phases from H2-Residential to the RL5 and RL10 Rural Land designations.

The purpose of this letter is to provide the Commission with the reasons why staff was correct in originally designating Tesoro's remaining phases as H2-Residential. We also respectfully request that the Commission implement staff's original designation, so that Tesoro's remaining

phases are designated as H2-Residential in the OVOV Update. With that said, the letter includes important background concerning the Tesoro del Valle planned community.

Background of the Tesoro del Valle Master-Planned Community

Existing Development

In 1999, the County Board of Supervisors approved the entire Tesoro del Valle master-planned community for development in four phases (Planning Areas A-D). Phase A is fully constructed, with 1,077 homes and approximately 3,700 residents. Phases B and C are situated generally to the north of Phase A, on about 1260 acres, all of which is part of the approved Tesoro del Valle planned community.

Approved Project Area

As stated, in 1999, the Board of Supervisors approved a General Plan Amendment, Zone Change, Conditional Use Permit, Oak Tree Permits, a Vesting Tentative Tract Map (VTTM No. 51644), and an Environmental Impact Report (EIR) for development of the entire Tesoro del Valle planned community. At that time, the Board made the policy decision to approve a mixed-use planned community, consisting of urban, commercial, non-urban, open space, hillside management, and significant ecological area (SEA) designations. Thereafter, federal and state resource agencies issued federal and state permits authorizing development of the entire Tesoro project site.

As approved, the Tesoro planned community is a phased development that was planned to transition from higher density in Phase A to lower density in Phases B and C as development moved northerly toward the Angeles National Forest. (Phase D, an area next to the San Francisquito Creek SEA, located to the east, has no infrastructure, nor is development feasible in that area due to SEA restrictions.)

Infrastructure

The major backbone infrastructure required to serve the Tesoro planned community was installed with completion of the first phase (Phase A) of the existing community. This infrastructure includes water, sewer, storm drain, and dry utilities. The infrastructure has been stubbed to the currently undeveloped portions of Phases B and C. The infrastructure also has been sized to accommodate the future development of Phases B and C.

Public Services and Urban Capacity

The following public services are either on site or in close proximity to the Tesoro planned community: Tesoro del Valle Elementary School (designed for 930 students), Rio Norte Jr. High School, Valencia High School, Tesoro Shopping Center, Fire Station, Transit Service on Copper Hill Drive, Tesoro Adobe Regional Park and parking lot, the Valencia and Lockheed Industrial Parks, and Newhall Ranch Road Commercial Village.

Circulation/Access

The Tesoro project (Phase A) was part of a partnership with the County in dedicating land and contributing substantial funds toward building the existing six-lane major highway, Copper Hill Drive (three lanes in each direction), along the southerly boundary of the Tesoro project site, which provides two major connections to the existing planned community. A four-lane bridge was constructed concurrently with Copper Hill Drive, with another two lanes to be built by the Tesoro project as a condition of the final development of the remaining currently undeveloped phases (Phases B and C). There also is a future third access road, connecting to the adjacent West Hills project area, again to be constructed by the Tesoro project. In addition, in close proximity to the Tesoro planned community is McBean Parkway, an existing four-lane secondary highway.

Environmental

In 1999, the Board of Supervisors certified the Tesoro project EIR, which assessed the environmental effects of the entire Tesoro del Valle planned community. Future project development also is regulated by the Board-approved mitigation monitoring report. Project conditions already are in place to preserve the highest quality environmental resource identified in the 1999 EIR, which is SEA 19 (designed to protect the migratory path of the unarmored threespine stickleback from the Angeles National Forest to the Santa Clara River). Most of SEA 19 is now protected by County-approved projects, including Tesoro, Burnam/SunCal, and the Valencia master-planned communities.

VTTM No. 51644

The entire Tesoro planned community is subject to the approved and current "vesting" tract map (VTTM No. 51644) and associated project approvals.

OVOV Update Designations and Policies

Currently, the Commission is considering updating the Santa Clarita Valley Area Plan, a component of the Los Angeles County General Plan. Because Tesoro's remaining phases (Phases B and C) are part of the previously approved Tesoro del Valle planned community, and because those remaining phases were approved as a transition from the higher density in the southerly portion of the community (Phase A), your staff recommended that the remaining phases be designated H2-Residential. The H2-Residential designation "provides for residential neighborhoods at densities that require urban services." (Final Draft Santa Clarita Valley Area Plan, Chap. 2, p. 52.) This designation is intended for residential neighborhoods that "provide a transition between higher density urban development and rural communities throughout the planning area," and the designation "is appropriate in such urban/rural interface areas." (*Id.*)

Reasons for the H2 Designation

As explained above, Tesoro's remaining phases (Phases B and C) are part of the existing Tesoro neighborhoods within the planned community. These remaining phases were intended to

transition from the higher density located in the southerly portion of the community. The remaining phases are part of an urban/rural interface within the existing community. Existing infrastructure, public services, and circulation/access already are in place to serve the remaining phases of the Tesoro planned community. Your staff recognized these unique land use considerations and appropriately designated the balance of the Tesoro community as H2-Residential. We ask that you support your staff's original designation for the reasons provided.

There is one other important reason for supporting your staff's original H2 designation for the remaining phases of the Tesoro community. The proposed, changed designations (RL5 and RL10) are not appropriate for the Tesoro community. Those two designations focus primarily on undeveloped hilly or mountain land areas with limited access. Tesoro's remaining phases (Phases B and C) have areas where the terrain is neither hilly nor mountainous; and as stated, Phases B and C have excellent access to the infrastructure, public services, and circulation/ access necessary to serve those areas.

For all the above reasons, we respectfully request your consideration in returning to the previous, staff-recommended H2-Residential designation for Tesoro's remaining phases (Phases B and C). Thank you for your consideration.

Sincerely,

John E. Evans and Timothy C. Collins
Owner's Representatives

cc: Richard J. Bruckner, Planning Director
Mitch Glaser, Supervising Regional Planner
Rosalind Wayman, Senior Deputy to Supervisor Antonovich

9/28/2011

To the Los Angeles Count y Department of Regional Planning:

My name is Bill Davidheiser. I am a member of the Lechler Ranch LLC and have an interest in the ranch in Oak Canyon. I oppose the SEA designation for our ranch. I have not been sent nor have seen any supporting data for this designation.

The final environmental impact report should recognize the effect of a wildfire that burned our entire ranch several years ago and drastically changed the environment. As such, I don't think the ranch is suitable for an SEA district. Future suitability as an SEA is a matter of speculation and not fact.

What is a fact is that in the last few years we have lost tens of thousands of dollars in property value due to the economy. The SEA designation would greatly add to that loss for no reason other than speculative based zoning.

Beyond being fundamentally unfair and unfounded, I think provisions for dedicating a conversation easement to the County without compensation are illegal. It would deprive us of the right to sell valuable land if we need to raise money.

Our property has been zoned agricultural and would be designated RL-20 under the proposed plan amendment and zone change. However, it appears that arbitrary decisions by the SEA board can overrule use allowed under rural or agricultural zoning. This board could potentially consist of environmental extremists who are opposed to virtually any of income producing use.

I would like to read something my mother, Maureen Davidheiser, wrote:

"One of the reasons given for the SEA proposal is protection of red legged frogs. I thought that was what the national forest is for. Our ranch is close to the Los Padres National Forest where frogs can hop around in a vast pristine wilderness owned by the public without further limiting the rights of property owners. Existing regulation ensures adequate open space on our property without adding to the expanding bureaucracy and over regulation that is causing a political backlash in this country."

Thank you for your consideration.

Bill Davidheiser
27 Evening Light Lane
Aliso Viejo, CA 92656