



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MAY 19, 2020**
FROM: PUBLIC UTILITIES DEPARTMENT **WARD: ALL**
SUBJECT: AMENDMENT NO. 5 TO THE OCTOBER 29, 2002, INTERIM AGREEMENT WITH LOCKHEED MARTIN CORPORATION FOR THE REMOVAL OF PERCHLORATE FROM WATER EXTRACTED FROM FOUR CITY OF RIVERSIDE WELLS

ISSUE:

Approve Amendment No. 5 to the October 29, 2002, Interim Agreement between the City of Riverside and Lockheed Martin Corporation for the removal of perchlorate from water extracted from four (4) City of Riverside wells.

RECOMMENDATIONS:

That the City Council:

1. Approve Amendment No. 5 to the October 29, 2002, Interim Agreement with Lockheed Martin Corporation for the removal of perchlorate from water extracted from four (4) City of Riverside wells; and
2. Authorize the City Manager, or designee, to execute Amendment No. 5 with Lockheed Martin, including the ability to make non-substantial changes.

BOARD RECOMMENDATIONS:

On April 27, 2020, the Board of Public Utilities, with all members presented, voted, 8 ayes and 1 unable to vote due to technical difficulties, to recommend that the City Council approve Amendment No. 5 to the October 29, 2002, Interim Agreement between the City of Riverside and Lockheed Martin Corporation for the removal of perchlorate from water extracted from four City of Riverside wells.

BACKGROUND:

Since 1998, Riverside Public Utilities (RPU) and Lockheed Martin Corporation (LMC) have worked cooperatively toward remediation of trichloroethylene (TCE) and perchlorate from groundwater extracted from RPU wells in the San Bernardino basin area.

On November 10, 1998, the City Council approved the Agreement with Lockheed Martin Corporation for Remediation of Trichloroethylene (1998 TCE Agreement).

On October 22, 2002, the City Council approved an Interim Agreement with Lockheed Martin Corporation for Removal of Perchlorate from Four Wells (2002 Interim Perchlorate Agreement).

On December 9, 2003, the City Council approved Amendment No. 1 to the 2002 Interim Perchlorate Agreement.

On February 22, 2005, the City Council approved Amendment No. 2 to the 2002 Interim Perchlorate Agreement.

On May 15, 2007, the City Council approved Amendment No. 3 to the 2002 Interim Perchlorate Agreement and Amendment No. 1 to the 1998 TCE Agreement.

On May 18, 2010, the City Council approved Amendment No. 4 to the 2002 Interim Perchlorate Agreement for the removal of Perchlorate from Water Extracted from Four City of Riverside Wells; and approved Amendment No. 2 to the 1998 TCE Agreement for the Removal and Treatment of Trichloroethylene. Amendment No. 4 to the 2002 Interim Perchlorate Agreement and Amendment No. 2 to the 1998 TCE Agreement provide for treatment of the Raub 7 Well.

As of 2020, there have been four (4) Amendments to the 2002 Interim Perchlorate Agreement for the treatment, destruction, and/or replacement of additional contaminated drinking water wells.

DISCUSSION:

The City and LMC have mutually agreed to amend the 2002 Interim Perchlorate Agreement to enter into an agreement regarding the installation of a replacement well for the existing Gage Well 29-3 and funding for that replacement well. The existing Gage Well 29-3 is currently in treatment at the Tippecanoe Regional Treatment Facility. The parties intend that water from the replacement well (referred to as Gage 29-3R) will be directed to the Tippecanoe Regional Treatment Facility and that the existing Gage 29-3 well will be destroyed after completion of Gage Well 29-3R.

Agreement Terms

LMC will be responsible for all increased and new City costs relating to the Perchlorate Treatment Systems. These City costs will include all labor costs incurred by the City related to the operations of the perchlorate treatment such as inspecting, operating, and maintaining the perchlorate treatment facilities. LMC will not be required to reimburse the City for costs which are routinely incurred under the present operation of the City's water system in the absence of the water Perchlorate Treatment Systems.

Because of the difficulty and uncertainty of determining which costs related to Gage 29-3R should be allocated to treating perchlorate treatment, and which costs are related to normal and present City water operations, the parties agree that LMC shall pay \$500,000 to the City within 30 days of the State Water Resources Control Board Division of Drinking Water (DDW formerly DHS and CDPH) issuing approval to the City to operate Gage 29-3R. This amount is intended to reimburse the City for all increased and new City costs for Gage 29-3R that are related to the treatment of perchlorate. In addition to the operating costs for perchlorate treatment, LMC's reimbursement obligations include future funding for the actual cost of two well rehabilitations of Gage 29-3R (the first in approximately 2030; and the second in approximately 2040), if requested by the City.

The City agrees to provide access and accommodate technical review and inspection by LMC including review and comment on well construction technical specifications, periodic field inspections, review of geophysical logs, collaboration during zone test and final well design, planning, review of zone test analytical results; and comment on the final well completion report. The City will, if feasible, pump a minimum of 3,500 acre-feet per calendar year from those aquifers that pertain to perchlorate treatment. LMC shall be allowed to use Gage 29-3R as part of the Perchlorate Treatment System for a period of 25 years. If, after 25 years, and LMC desires to continue to use Gage 29-3R as part of the Perchlorate Treatment System, the City and LMC shall meet and confer regarding the potential future use of Gage 29-3R and the costs associated therewith.

All other terms and conditions of the 2002 Interim Perchlorate Agreement and Amendment Nos. 1, 2, 3, and 4 not expressly amended, modified or deleted by this Amendment No. 5 shall remain in full force and effect and are incorporated herein to this Amendment No. 5.

FISCAL IMPACT:

There is no fiscal impact associated with this report. LMC will reimburse the City of Riverside \$500,000 for all costs associated with the implementation of the terms of the subject Agreement.

Prepared by: Todd M. Corbin, Utilities General Manager
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer
Approved by: Al Zelinka, FAICP, City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Amendment No. 5 to the October 29, 2002, Interim Agreement for the Removal of Perchlorate from Four City of Riverside Wells
2. Minutes from April 27, 2020 Board of Public Utilities Meeting
3. Presentation