FINAL
MARE ISLAND NAVAL SHIPYARD
Restoration Advisory Board (RAB) Meeting Minutes

HELD THURSDAY, May 27, 2010

The Restoration Advisory Board (RAB) for former Mare Island Naval Shipyard (MINSY) held its regular meeting on Thursday, April 29th, at the Mare Island Conference Center, 375 G St., Vallejo, California. The meeting started at 7:05 p.m. and adjourned at 9:07 p.m. These minutes are a transcript of the discussions and presentations from the RAB Meeting. The following persons were in attendance.

RAB Community Members in attendance:

- Myrna Hayes (Community Co-Chair)
- Michael R. Coffey
- Chris Rasmussen
- Paula Tygielski
- Ken Browne
- Wendell Quigley

RAB Navy, Developers, Regulatory and Other Agency Members in attendance:

- Heather Wochnick (Acting Navy Co-Chair)
- Janet Lear (Navy)
- Tony Megliola (Navy)
- Ed Aromi (CH2MHill)
- Steve Farley (CH2MHill)
- Neal Siler (Lennar)
- Sheila Roebuck (Lennar)
- Dwight Gemar (Weston)
- John Kaiser (Water Board)
- Janet Naito (DTSC)
- Gil Hollingsworth (City of Vallejo)
- Elizabeth Wells (Water Board)

Community Guests in attendance:

- Larry Asera
- Robert Brown
- Zoe Brown
- Wendy Plank
- Bill Stephens
- Cindy Spears
- Jim Porterfield
- JoAnne Schivley
- M. Razel (and unidentified guest)

RAB Support from CDM:

- Carolyn Moore (CDM)
- Doris Bailey (Stenographer)
- Wally Neville

I. WELCOME AND INTRODUCTIONS

ACTING CO-CHAIR WOCHNICK: Hello. Welcome. I'm glad everyone is here, it looks like a full house tonight. We have a presentation that's going to be a joint Navy, Lennar, and Weston, so a pretty good presentation. I just wanted to say welcome, and we'll go around with introductions. I'm Heather Wochnick. I'm going to be the acting BEC for right now until we select a new BRAC Environmental Coordinator.

CO-CHAIR HAYES: Hi, I'm Myrna Hayes, and I'm the community co-chair, and I represent -- well, I live in Vallejo. And I just -- I want to just make a comment when we -- before we start the presentation, context for it.

ACTING CO-CHAIR WOCHNICK: Okay.

MR. QUIGLEY: Wendell Quigley, RAB member, and I live on Mare Island.

MR. RASMUSSEN: My name is Chris Rasmussen, I'm a resident of Mare Island.

MR. COFFEY: I'm Mike Coffey, I'm a RAB member from American Canyon.

MR. MEGLIOLA: Tony Megliola with the Department of the Navy.

MR. FARLEY: Steve Farley with CH2M Hill.

MR. BROWNE: Kenn Browne of Vallejo with the Solano group of the Sierra Club.

MS. WELLS: I'm Elizabeth Wells with the Water Board.

MS. NAITO: Janet Naito with the Department of Toxic Substances Control.

MR. HOLLINGSWORTH: I'm Gil Hollingsworth representing the City of Vallejo.

MS. LEAR: Janet Lear, RPM with the Navy.

MS. SCHIVLEY: JoAnn Schivley, Vallejo City Council.

MR. AROMI: Ed Aromi with CH2M Hill.

MRS. BROWN: Zoe and Robert Brown. We're residents of Mare Island.

MR. GEMAR: Dwight Gemar with Weston.

MR. KAISER: John Kaiser, DOD program manager for the Water Board in the San Francisco Bay area.

MS. ROEBUCK: Sheila Roebuck, Lennar Mare Island.

MR. SILER: Neal Siler, Lennar Mare Island.

MR. PORTERFIELD: Jim Porterfield, ex-Mare Islander.

MS. SPEARS: Cindy Spears, fan of Mare Island.

MR. ASERA: Larry Asera, business owner on Mare Island.

ACTING CO-CHAIR WOCHNICK: Great, looks like we're going to have a good presentation. I just wanted to make one quick announcement before we start. Apparently at the April RAB someone left a pair of glasses. So if anyone is missing a pair of glasses, we will continue to hold onto them. And Myrna.

CO-CHAIR HAYES: Yeah, hi, good evening. I just wanted to make a brief introduction to this early transfer overview topic that we've decided to actually devote the entire first hour of the Restoration Advisory Board to. Several months ago, Michael Bloom, our most recent BRAC Environmental Coordinator and my Navy co-chair, was filling us in on some information regarding a company that had proposed initially to do the environmental cleanup of the offshore areas through a cooperative agreement. I don't know exactly what the language is now, but to take the responsibility from the Navy, similar to the way we've done our early transfers with Weston and with Lennar and the City. And one of the things he said was that one of the motivations for this company, and certainly for the Navy, to consider the possibility of taking over that responsibility was that early transfers had been proven to save money and to get the job done faster. Well, I just thought that since Mare Island is where a couple of big projects have taken place in the last few years since 2002, March and September, that we would be the best people to hear whether that's -- or to put the word out about whether that actually is, in fact, true, and how this process has gone to date. So that is the reason this topic is on. And I think it will be of interest to the people in the room tonight. So thank you to the Navy, to Lennar, and to Weston for this presentation.

ACTING CO-CHAIR WOCHNICK: So, as Myrna said, we will be having only one presentation before the break, and it will take up the entire time, and we can have public comment period afterwards. The presentation is on the Early Transfer Overview. It's going to be co-presented with Tony Megliola, our Base Closure Manager for the Navy, Sheila Roebuck with Lennar Mare Island, and Dwight Gemar with Weston Solutions.

II. PRESENTATION: *Early Transfer Overview*
Presentation by Mr. Tony Megliola (Navy), Sheila Roebuck (Lennar Mare Island), and Dwight Gemar (Weston Solutions)

MR. MEGLIOLA: Good evening. Again, I'm Tony Megliola, the Base Closure Manager with the BRAC Program Management Office West in San Diego. As Myrna said, and I'm happy to report, that is the same guidance I got from Michael Bloom regarding the reason for giving this presentation tonight. He had come back and said, as Myrna just did, that the RAB was interested in hearing about the early transfers at Mare Island. And, you know, these were executed in 2001 and 2002. And so looking back on those now, are they, in fact, a better deal overall for the taxpayers, for the citizens? Are they faster? Are they better? Are they cheaper? So this presentation, as Heather mentioned, is a collaborative effort between myself, Lennar -- the Navy, Lennar, and Weston.

So this is our outline. I'll give you just a slide or two regarding the Navy secretariats and the BRAC Program Management Office. The PMO is the acronym. I'll talk a little bit about the environmental restoration, a big picture overview of that. And from a program perspective the conveyance and how that's going so far. What we've done so far with the early transfers as well as non-early transfers. Give you some of the Navy perspective on early transfers, what we look at when we're considering whether to do an early transfer or not. Then to talk a little bit about the specific early transfer -- Environmental Service Cooperative Agreements associated with them. And those are the documents that frame the shifting of responsibility, in this case from Navy, environmental responsibility to -- what the ESCA does is initially transfer it to the City of Vallejo and then onto other parties. Then Sheila Roebuck will talk about the Eastern Early Transfer. And she has some really good slides and really share with you some of the challenges that we've encountered as well as some of the successes. So both Sheila and Dwight won't be

giving just an update, which I know they do frequently at these RAB's, but sharing really, as I mentioned, successes and challenges as well. And then finally I'll come back, and we'll do a wrap-up and take questions.

So the Department of Navy Secretariat, the Secretary of the Navy, the Honorable Ray Mabus, and the Honorable Secretary of the Navy. The way this -- the reason I wanted to share this slide with you is not really to delve into the details of the Navy organization, but just really to show how the Program Management Office, the group that we work for, is aligned. And really you see that these boxes here, these assistant secretary of the Navy's Research, Development and Acquisition, Manpower and Reserve Affairs, Financial Management, and Installations and Environment, and then the lawyers over here -- so these are the main groups underneath the Secretary of the Navy. And this group here, as it says, research and development, they research and buy things. This group deals with recruiting and all of the issues associated with retaining the -- recruiting and retaining the force. Money, of course, is of all importance. This is the group that deals with all of the financial management for the Navy.

And this group here, the Assistant Secretary of the Navy for Installations and Environment, and it's actually just switched to Energy, Installations and Environment. This is the group that the BRAC Program Management Office is aligned under, as you can imagine, Installations and Environment. So we deal with closed and realigned military installations, as well as all things environmental for the Navy. The Program Management Office West, Program Management Office or PMO, and the Program Management Office West is here. But as I mentioned, the Assistant Secretary of the Navy for Energy, Installations, and Environment. The BRAC Program Management Officer Director is Ms. Kimberly Kesler. She is the senior executive for the base closure program nationwide, so the buck really stops here. She's responsible for all things BRAC across the country.

And then there’s a couple of these regional offices underneath Ms. Kesler. My team is located here in San Diego. Our director is Laura Duchnak. We are the PMO west. We have a small support group in Crystal City right outside of D.C. They primarily deal with our budgeting as well as urgent data calls that come from Congress and staff, etcetera. We also have an office in Charleston, South Carolina, and in Philadelphia as well.

So, as I mentioned, the BRAC PMO is responsible for everything relating to realignment, closure, and cleanup of military installations. So, an overview here. What we've -- kind of a big picture, approximate acreage transfer to date. We've done about, just over a thousand acres no cost EDC to the City of Vallejo. And within that 1,079 about 650 was the Eastern Early Transfer Parcel. We've done just about eight acres to other federal agencies. A little bit to Island -- 30 acres to Island Energy for power lines. And a big chunk, 2,800 acres was reverted back to the State of California in the Western Early Transfer Parcel. We have about 1,300 acres left to go here to transfer. About 490-491 through no cost EDC. Another eight hundred to go reversionary. And that's primarily the H1 Area, the Western Magazine Area, and IR-05.

The Department of the Navy through the BRAC program has spent over $230 million to date, that's through fiscal year '09. Some of that money through the early transfer process, which we'll talk in more detail in just a minute. We estimate that we have about -- and it's an approximation because you never know what will happen when you turn a shovel out here. But we approximate about $50 million left to go. And we envision completing that in approximately the 2014

timeframe. I think our longest par -- our longest pole right now is the F1 or the Production Manufacturing Area.

So early transfers, why we're here. Actually when I first came on board with the Navy BRAC office four or five years ago, one of the things that my team was responsible for was working on a future early transfer for the Former Naval Training Center, San Diego, which, like Mare Island, closed in the mid-nineties. And when I first was getting briefed on this I said, "What are you talking about? What is early about this, this base closed ages ago when I was a kid. There's full development on this base, and what is early about that?" But you folks all know we're talking about early transfers regarding that the property is conveyed prior to the Department of the Navy completing the environmental remediation. And so we consider the use of these early transfers when it's requested by a transferee, and when we feel that there's a mutual benefit. Meaning that we wouldn't just do an early transfer for the sake of doing an early transfer. There's a ton of work that goes into these things. They take a long time to do. They're extremely complex and time consuming, so there has to be a mutual benefit. We have executed early transfers within the Department of the Navy that include both the shifting of the environmental responsibility, as well as we've done some early transfers where the Navy has retained the environmental cleanup.

So overall when looking at the feasibility of an early transfer, when they're applied at certain locations where there's certain development drivers, and there can be a potential to integrate the cleanup with the redevelopment, there can really be some advantages to going the early transfer route in that situation. So proceeding with an early transfer must make good business sense for the Department of the Navy. And really what I'm referring to here is, you know, with negotiating one of these deals, if you're going to privatize or shift the responsibility of the cleanup, then the Navy estimates what the given scope of work will cost for the Navy to do it, and then the party that we're negotiating with has an estimate that they come in, and we negotiate that cost. So the bottom line, though, is that the Navy cannot and will not pay much more than we think it would cost for us to clean it up ourselves. It wouldn't be a smart business decision, and it wouldn't be good for the taxpayers for us to pay more money to privatize the cleanup than we think we could do it for ourselves.

And finally on this slide, the potential early transfer must make sense from acreage and the value of the property perspective. As I mentioned, these early transfers can be very time consuming, very complex. They take a long time to execute. Everybody works extremely hard for them. So typically, although we have done some very small early transfers, typically moving forward we wouldn't really consider ones that are, you know, we really want to get some bang for the buck in terms of acreage. One of our primary functions is to transfer the property back to whomever it's going to; in certain cases it's the city, in certain cases the state, or other bases; whether it's a public sale or what have you. But our primary mission is to get that property back and to clean it up and get it back to whomever it's going to. So if we're going to expend the time and resources to go through an early transfer process, we typically want to see some significant acreage involved in that. And from the potential value of the property. What that's alluding to is that if we're going to do an early transfer, we wouldn't really want to entertain a scenario where the high value or the very desirable property is isolated or cherry picked, we like to tie that sort of property with other property. So, for example, with the Western Early Transfer, the dredge ponds are grouped with the H1, and the Western Magazine Area and other areas. So it's a grouping of property that there could be a high value on the development side with other property that there may not be.

We put this together just to illustrate the early transfers that have been done so far within the Department of the Navy. And you'll see here Mare Island in bold. And this is a combination, obviously, of both the eastern and Western Early Transfer, is by far the largest amount of acreage done at an installation through the early transfer process. So we've done these, starting back in '99, with Memphis, NTC San Diego, a different one than I was referring to before, that was actually to the Port District for Lindbergh Field, the airport there, expansion. Mare Island, of course, the big one. And as you can see right down the list. So I just again wanted to give a perspective. This is across the BRAC PMO, across all of the offices that I mentioned before, what's been done to date regarding the early transfers.

So with Mare Island, as you know, the Department of the Navy and the City and the State of California have executed two early transfers for here which I just mentioned. The Eastern Early Transfer or Eastern Early Transfer Parcel or EETP in 2001. And the Western Early Transfer Parcel in 2002. Both of these early transfers included shifting of the environmental responsibility, in both instances from the Department of the Navy to the City of San Diego -- excuse me -- City of Vallejo, and then subsequently from the City of Vallejo onto either a master developer or remediation contractor. And this responsibility for shifting the environmental effort is documented in what's referred to as a Environmental Services Cooperative Agreement or an ESCA. The newer term which is used now is an ETCA, an Early Transfer Cooperative Agreement. It's essentially the same thing. The Eastern Early Transfer ESCA was for $78.4 million. And the Western Early Transfer ESCA was $54.9 million. So about $133 million in total. And so I mentioned before that the Navy to date has spent about $232 million on the environmental remediation here at Mare Island since the closure. And so it's about 133 on the early transfer side, and about 99 or a hundred million on the Navy side from the work that we're doing ourselves.

As far as these ESCAs generally and ESCAs across the country, the objective is to obtain regulatory closure for the Area Covered by Environmental Services or ACES. And as Dwight's slides will illustrate, sometimes the area covered by environmental services is not the same geographic area that is transferred. Typically an ESCA or an ETCA will exclude certain things called -- and they're referred to as Navy Retained Conditions or NRC's. Typically these things are ordnance, radiological materials, can be wetlands, sediment, natural resources damages. So there -- ESCAs have similarities. For the Eastern Early Transfer Parcel, the Navy retained conditions included MEC, Munitions and Explosives of Concern, radiological and sediments. And on the western side it was storage and disposal of RAD or MEC, once it's removed by Weston is handled by the Navy, as well as some other things which you can imagine like chemical or biological issues or offshore conditions which are still a Navy responsibility.

So with these early transfers, the Navy provides the CERCLA covenant after a regulatory closure is obtained. And essentially that's the three sub bullets on the bottom here. Typically in a normal, if the Navy performed the cleanup and obtained regulatory closure, when we transferred the property, the deed to transfer that property would contain a covenant with these things here basically saying that all remedial action necessary to protect human health and the environment has been accomplished. Any additional remedial action found to be necessary at a later date will be conducted by the United States. And it contains an access clause, essentially if the Navy had to come back and do some work, we reserve that right for ourselves. With the early transfer this covenant, if you will, is deferred until the regulatory closure is obtained, and then at that point in time the Navy provides that covenant which is under the Comprehensive Environmental

Response Compensation Liability Act, or CERCLA. So we refer to it as providing the CERCLA covenant after regulatory closure is achieved.

This slide is probably -- I think everybody has a handout -- it's probably a little bit hard to see. It's essentially an overview of Mare Island, what's been transferred, what has not been transferred, and what type of conveyance mechanism it is. So the dark reddish color here is property to be conveyed via economic development conveyance to the City of Vallejo. And this is -- so the red is area that has not been conveyed yet. This is Parcel II where the Former North Building Ways -- which has the fleet reserve pier, that comes off right about here. We are -- I'm in the process of putting together a finding and suitability of transfer for this property. And we envision transferring the property this year for Parcel II, as well as this little piece right here called the SSTP Outfall which Weston has been working on as part of the Western Early Transfer Environmental Services Cooperative Agreement. We also, although it's difficult to see, will be transferring this X-B(1), X-B(2) and it's on here, X-B(3), but these little areas right in here, the red area. So we're looking to transfer all three of those at the end of this year, in the September timeframe, end of the fiscal year. Also remaining for us then is we have Parcel XVI here which is, of course, the parcel that was originally slated to go to the Fish and Wildlife Service. That is now going to be transferred to the City of Vallejo via no cost economic development conveyance.

Parcel XVII -- and this is where the Navy's former DRMO area is. And I know the RAB has talked a lot about the DRMO and the work that's been done there over the years, and most recently the petroleum corrective action work that we've done there. So the DRMO area here and this area here, the Marine Corps Firing Range, which we're also getting very close on that one as well. And then our longer -- the EDC parcels with the longer tail, which I mentioned earlier. The Navy tends to talk in parcels, Parcel V, Parcel VI. But, of course, it's also referred to as the Production Manufacturing Area in this area and the South Shore Area, and those are, our longer poles have both what we call our CERCLA contaminants or chemical contaminants as well as munitions issues there.

So the light pink is the Eastern Early Transfer Parcel. All of this main core area which has 651 acres, that's been subsequently transferred to Lennar Mare Island. This little area here, I'm happy to say, Parcel XIII, has actually -- although it says here that it's not transferred, it actually has been assigned by the Navy to the Department of Education, a couple of months ago. And they are in the process now of getting ready to convey it or to transfer it to the Vallejo Unified School District. And I believe that's actually still scheduled to close any day now. So this was a public benefit conveyance. And the way public benefit conveyances work is the Department of the Navy assigns it to the federal sponsoring agency, in this case the Department of Education, and then the federal sponsoring agency conveys it to the local property recipient, in this case Vallejo Unified.

We also have reversionary property that's not transferred. The H1 Area which I know you've talked a lot about here, the H1 landfill. The portion of the Marine Corps Firing Range that's on Parcel I, the Western Magazine Area, and the IR-05. And again, as Dwight's slides will again highlight, but the Western Early Transfer Parcel, which is this entire -- it's 2,800 acres of primarily mud flats and dredge ponds, these areas and the darker blue, the Navy still owns that property. However, even though the Navy still owns that property, it was included in the scope of the ESCA in the area covered by environmental services. So it's a little bit different than the way the Eastern Early Transfer was done.

Some of the specifics of the ESCAs. As I mentioned, on the Eastern Early Transfer, the negotiated cost of that grant was $78.4 million. One of the -- well, we think it's a nice feature anyhow, the insurance company may not think it's a nice feature -- but both of these early -- both of these deals include privately procured insurance policies. In the case of the Eastern Early Transfer it includes a $57 million cost cap, or it's also sometimes referred to as a remediation stop loss policy. That covers known and reasonably expected environmental conditions, issues, or scenarios where there's greater contaminants than expected, greater concentrations than expected, or greater physical extent than expected. There's also, in this particular deal, a $150 million environmental liability policy which a portion of that, I think it's about a $50 million portion, could be used to cover unknowns. So we have the cost cap covering knowns, we have the environmental or ELL or ELI policy, environmental liability policy, a portion of that covering unknowns. The Eastern Early Transfer includes twenty years of long term groundwater monitoring. And in the Eastern Early Transfer regulatory support, the cost for the regulatory support for the Water Board, DTSC, and EPA is included in the ESCA, in that $78 million ESCA amount, which differs, as you'll see in a moment, on the Western Early Transfer. There we have a $60 million cost cap policy to cover those same things I just mentioned on the eastern side; a hundred million dollar environmental liability policy; long term monitoring in perpetuity; and as I showed on the last slide, the difference where the Navy still owns that certain property, for that reason we continue our lead agency role given our landowner status. So we continue the official lead agency role with the regulatory agencies. And in the Western Early Transfer, the regulatory support is paid by the Navy directly through the mechanisms that we have in place, as we do other places, it's not included in the scope of the ESCA.

So with that, Sheila is going to come up and talk about some specifics of the Eastern Early Transfer, and then Dwight will talk about the western, and then I'll come back and we'll circle back to where we started as far as the -- as looking at the deals years later and seeing how we collectively, from a Navy perspective and others, feel if they're faster, better, and cheaper.

MS. ROEBUCK: Thanks, Tony. For the Eastern Early Transfer Parcel what I'm going to do is first just talk about some general features of the transfer. And then I'm going to talk about one issue that we face that I think demonstrates some of the challenges that we have as we go through these actual cleanups of these transfers. And then come back to general progress that we've made.

As it says here, we started with eight Investigation Areas, 651 acres. We have since subdivided that into twelve Investigation Areas, and that is, in part, to respond to the ability to close some areas more quickly than others if we subdivided them. So we're now working with twelve Investigation Areas. And this is a map that shows where we are with respect to regulatory closure. I know you've all seen this map many times. But in general what it's showing you is that the blue areas have regulatory closure. That's about 320 acres of the total that we were transferred through the City to Lennar Mare Island. About 130 acres, which is what's shown in the green, has a signed decision document. So it's either, you know, final remediation leading to documentation and regulatory closure. There's 200 acres where we're still working on finalizing the decision documents for those two Investigation Areas.

This slide generally talks about the benefits and some of the challenges that we have. And, you know, obviously it's going to be fairly general. But some of the benefits that we see, first of all, is that the funding was allocated in the beginning, so we didn't have to worry about yearly budget allocations from the federal government, it was all allocated as a condition of the transfer.

The insurance. As Tony mentioned, we have a couple of different insurance policies. One that is to cover budget overruns associated with unknowns, either because they were more difficult than was expected, or because there have been some changes in the regulatory environment, or other things that it's still the same scope, but it's gotten more difficult for some reason. And that is combined with the fixed price contract that we have with CH2M Hill and protects CH2M Hill from having to do this, what is a fixed price contract, without any kind of protection. And it protects, you know, the taxpayers. As Tony mentioned, if there is increased cost, they don't go back to the federal government for that.

Another benefit is that the parties to the early transfer, the Navy, the City, Lennar Mare Island, and CH2M Hill, have more reasons to cooperate. And in the ESCA, the agreement that framed the early transfer, the ways that we cooperate are defined. For example, if we believe that there's a Navy Retained Condition, one of the things that Tony mentioned, for example, if there's something found in the sediments, and we think that that's Navy retained, we will generally get a notice from CH2M Hill that we then send to the City, and the City then sends that to the Navy. That's the way the communication goes. And if for some reason there's a disagreement, there's ways that we, you know, elevate that to get to a conclusion that everybody has to agree on. We also believe that one of the things that makes it faster is because we're able to privatize the bidding. We have fewer bureaucratic hoops to jump through than the federal government, and so we think we can be faster and move things along more quickly, especially if we see that, you know, the priorities in one area have changed from what we had originally expected; for example, if market conditions change we can try to respond to those.

The other thing that we think that is a big benefit is having the reuse in mind when we select remedies. And just as an example of that, last month when you were talking about the IA-C3 BGM Triangle, you know, we knew there that we needed a cap, and if we didn't know what that was going to be used for as an end use, we probably wouldn't have known that that cap needed to be stronger in some areas. For example, we knew where there were high traffic areas, and so we talked to CH2M Hill's engineers about that. And as a result, those high traffic areas have a stronger cap to withstand things like forklifts that are going to go in those areas. So we think that's a really significant benefit.

But it's not without challenges. Sometimes when we find a contamination issue, it's not always clear what the responsibility for those are. For example, if we say to the Navy, "We think this contamination on our property is actually coming from your property," they may not agree with that. And it may not be entirely clear what the source is. And so we may have differing opinions on that. And the case study that I'll go through in just a minute will illustrate that. The insurance is a really good thing because, as I said, it does protect the taxpayers and provide some protection to our contractor as well, but it's not a panacea. There are many, many hours that have to be spent to communicate with the insurance company to help them to understand what it is that we need to do, and they have to be agreeable to the scope. They have to believe that the bidding that was done was done correctly so that we're coming up with a market price that they think is appropriate. And all of that takes time. So there are times where the insurance schedule and our remediation or regulatory schedules, it's hard to make 'em mesh. And so that's a continuing challenge that we face. We are, with the policy for the known conditions, coming up to the expiration of that policy in about a year. We believe that the schedules that we have are going to allow us to do the remediation in the time that's left; but again, you'll see at the end that, you know, we do have some challenges and, you know, we've talked to the agencies about that

and asked them to help us to meet those challenges by having the regulatory resources available to do the reviews that they're going to be asked to do.

The early transfer part of -- parties sometimes do have competing interests; the City, the Navy, Lennar, and CH2M Hill. The most common one is a schedule priority. You know, we may not all think that the same things are as important. I know with the City and the Navy when -- in the north island the City wanted a transfer to occur quickly, and the Navy had to really look at their schedules and try to accelerate things to try to meet the City's priorities, but those kinds of things happen often. Another place where we sometimes have competing interests is a Navy Retained Condition. If we say to the Navy, "This is a Navy Retained Condition," and they say, "Yes," then all of the sudden it's not our problem anymore. And so we're more inclined to think that's a good idea, whereas if they take on that additional responsibility, that's more work for them. And so if all things are equal and it's not absolutely clear, you can imagine that we're going to come at it from different places. But I think the good news and, you know, back to the need to communicate and cooperate, we have done that, I think, really successfully. And sometimes it's been difficult, but I think we've done it reasonably well.

This is the case study I wanted to talk about. It's the Crane Test Area, the DRMO that Tony mentioned, and Azuar. The Crane Test Area portion that I'm going to be talking about and Azuar -- well, the Crane Test Area portion that I'm going to be talking about is Lennar property. The DRMO is Navy property. And along Azuar on the east side of Azuar it was Lennar property, and on the west side it's Navy. So this was an area where there were already multiple -- well, two landowners. We studied this site for quite some time. And we ended up believing early on that there was a Navy Retained Condition because of contamination that was coming onto the EETP, Lennar believed, from the Navy. And as a result of our belief and our need to study that, we had been doing investigations since the beginning of the early transfer. The Navy on their side had been doing investigations over that exact same time period and longer for the DRMO. And the conclusions they were reaching and the conclusions we were reaching, in part because we had different data, that were not always the same. And so when we started talking about how we were going to resolve the problem, we, you know, with the agencies, the agencies told us that their concern was, in part, that the remedy had to be consistent. Because they didn't want us to do one thing on one side of the property line, and the Navy to do something else on the other side, and for it to not meet and make sense. So that was the general process.

We managed to resolve that through a negotiated settlement which meant that the Navy, Weston, CH2M Hill, the City, Lennar, and Zurich all had to come together and agree with how we were going to resolve this. And so it was sometimes a challenge just to get everybody on the phone never mind getting everybody to agree. So -- but we did, and I think that that was something that shows that you can really make it work if you really want to.

This just shows the timing associated with this. So we're talking about, you know, a seven year process actually, maybe a little more than that. From the time of the early transfer when we first began to study this, we had negotiations and settlement from the first time that Lennar Mare Island told the City that we thought we had a Navy Retained Condition all the way through the negotiated settlement which took five years. The Petroleum Corrective Action Plan was the regulatory decision document that allowed us to go in and remediate the problem on the Lennar side and the same document or a similar document was used on the Navy side. And that allowed us to come up with something that was a consistent remedy on both sides, which is what the regulators wanted. Once we had decided on all of that, which took so many years, the actual

remediation took about seven months. And that's, in large part, because Weston did just an excellent, excellent job of getting that remediation done.

And so the next slide shows that it really required the cooperation of all of the parties that I mentioned, plus the regulators really stepped up and helped us to get the documents, the decision documents approved. The Water Board project manager had to review the documents that were sent to them by Weston that showed that the remediation was done and the backfill was appropriate, and they did that on a pretty quick turnaround. So with that cooperation, the remediation was done. And it was -- Azuar was reopened on April 20th. On the LMI side, the documentation is scheduled to be finished in about June of this year. So anyway, that's -- that was a really difficult problem that we think we resolved, in part because we had everybody to agree, because we had these relationships that we developed through the early transfer.

Again, we're going to come back to the general progress. And you've probably heard a lot of these numbers before. We've submitted 1,600 documents for review, which is -- again speaks to the resource needs with the agencies. We've removed 330,000 tons of material for off-site disposal. We've gotten, you know, 477 of 570 sites, PCB sites closed. Underground Storage Tanks, 85 percent of those are closed now. The Fuel Oil Pipelines, we've closed almost 80 percent of over nine miles of pipeline. And again, as I mentioned, we have over 300 acres of the EETP that has actually been closed, has regulatory closure, which leads to the next slide.

Which this shows our actual and our projected progress. The first four regulatory -- or the first four Investigation Areas have regulatory closure. And with the early transfer, not only do they have the regulatory closure, but they have the CERCLA warranty which -- or the CERCLA covenant which has been executed by the Navy and Lennar, and now runs with all the deeds that are associated with the parcels that have been created. The rest of this shows where we still have either the decision documents, the RAPs to be done. In the case of two Investigation Areas, C-1 and C-2, they're going to be done in September of this year. And the others show when the NFA dates are. And you'll see some of those extend beyond March 2011 which is a little scary when you look at it, and it's a big challenge for us. The good news is that the construction work that will feed into the final documentation and approvals is expected to be done in December of this year. So --

CO-CHAIR HAYES: Is that all of the construction work?

MS. ROEBUCK: Yes. And I think your next RAB tour you'll be amazed at some of the things that you'll see and the progress that's been made. And it just shows you that, you know, when you go through the process of studying and investigating and trying to get to a decision, once you get to a decision the remediation often can happen pretty quickly. So with that, I'll turn it over to Dwight.

MR. GEMAR: All right. Thanks, Sheila. For those that were here last month, I apologize in advance, some of this is going to seem pretty redundant because I gave a five year review of the transferred portion of the Western Early Transfer Parcel last month, and a lot of that information is also going to be presented tonight. But as a reminder, the area in green is what Weston is responsible for in terms of environmental cleanup on behalf of the City under our Environmental Services Cooperative Agreement. The -- what Tony mentioned in terms of the transferred area, this area within the dark to the left of the dark line here, that's been transferred, that was transferred in 2002. And this remaining part of the green outside of that dark line is what we are

still working on in terms of cleanup, and ultimately, you know, getting it into a position where it can be transferred.

Our scope is to obtain regulatory closure and long term monitoring for these areas here. The former dredge ponds which include most of, but not all, of an area called Investigation Area I. The tidal marsh which is also known as Investigation Area J. The western submerged lands out into the San Pablo Bay. The RCRA facility and -- and facility landfill and surrounding areas, this is called Investigation Area H1. This is where most of the disposal activities occurred on the shipyard from the 1940's until the shipyard was closed. We also have responsibility for cleanup of an area known as the Western Magazine Area where munitions were stored before they were loaded onto ships. And then the final area we have is at the very south end of the island, it's called Installation Restoration Site 05. And that was an area that was used for munitions disposal, either by detonation or by burning unused or unwanted propellants. And I guess since it was at the south end of the island, that was figured a good spot for that kind of activity.

So soon after the Environmental Services Cooperative Agreement was authorized by all the various parties, Weston did a confirmational digital geophysical survey of the dredge pond areas. This included primarily the outfalls and the levees and also sampling in the interior of the ponds. The reason we did a digital geophysical survey was that the previous surveys were all done with handheld magnetometers which were -- basically the technician would determine when he thought he observed an anomaly, that is a subsurface piece of metal, and then he would note that with a flag and then they'd go back and dig that area. What the digital geophysical survey does is kind of take away the subjectiveness of the operator. It allows instrumentation to automatically note when a subsurface metallic anomaly is detected. And because it has a link to a GPS system, it will automatically record where that item was so that we can go back and evaluate those items. And we did find eight items from that survey out of about nine hundred excavations. Because of the technology that looks like metal, you really don't know if it's a piece of just metal trash or if it could be a piece of munitions. So you have to dig it up in order to find out what it is. So usually you get a lot of trash, nothing to speak of, and then occasionally, of course, you will find a munition item.

We also, in 2002, completed three major documents; the Remedial Investigation Report, the Feasibility Study, and then the Remedial Action Plan which documented what the final remedy was for these areas. And then immediately after that Remedial Action Plan was approved, we performed some additional dredging out at the sanitary treatment outfall in June of '02.

And just to go back to where that is, that's just a small area out in this area here that was retained by the Navy. And this is actually a picture of some recent dredging that was done because, well, we found after we dredged in 2002, we did some subsequent sampling and we determined that not all of the contamination had been removed. So subsequently there was a series of rounds of sampling. And we finally came up with the final remedy in terms of the lateral extent and the depth. And then that work was completed in December of last year.

Also as part of our environmental services we also do quarterly monitoring of the dredge ponds and -- primarily the levees and the outfalls. And we look for any evidence of munitions that could have been missed or have become exposed, due to erosion, for example. And we also do sediment sampling of the dredge ponds and some of the areas just outside of the dredge ponds in the tidal marsh just to determine if the concentration of sediments are changing over time for some reason. And also one of the interesting facets, I guess, of this -- of the remedial action that

was approved in 2002 was that DTSC thought it would be appropriate to provide a public access trail out into the area next to the dredge ponds. And the reason for this was that, you know, there's no guarantee that you can find all items of interest, whether it be munitions or radiological items, which have also been recovered from the dredge ponds; and so the agency wanted a safe, you know, and a directed path for people to enjoy the views out into the west, out to the -- into the Bay. So that trail is actually being coordinated with some other work that Weston is doing out at the former landfill area, and we're due to hopefully open that trail by the end of June.

So by far, you know, the largest component of our work in the Western Early Transfer Parcel is this area called Investigation Area H1 which, as I mentioned, this was where the Navy had most of their disposal going on from the 1940's through the 1990's. One of the first activities that we did actually in 2004 after getting approvals was we installed a soil bentonite slurry wall around the perimeter of a 72 acre area. This included the former landfill area, and also an adjacent oil disposal sump, and also an industrial wastewater treatment plant lagoon area. And the reason that we chose that area was that was the highest potential for contamination in terms of the groundwater.

So by installing this barrier basically, along with the groundwater collection trench, we were able to capture and eliminate any potential for migration of that groundwater away from this area. And that was done in 2004. And since that time we've pumped over 25 million gallons. And that water is metered, and then it's discharged to the Vallejo Sanitation and Flood Control District for further treatment. And we've always met our acceptance criteria. The actual contamination levels are actually fairly low in the groundwater within the landfill. And part of the reason for that is that the clay soil that we have out at Mare Island in the fill areas latches onto metals very tightly, and so you don't get much movement of the metals. And we really don't have much of an organic problem in this particular landfill area, because it was mostly used for industrial type waste as opposed to a municipal landfill where you get a lot of organic type garbage deposited there. There was some garbage placed in the landfill out here on Mare Island, but most of it was metal shavings, abrasive blast material, those kind of things. So we have more of a metals issue than we do organics.

Later, actually in 2006 we completed the Remedial Investigation, the Feasibility Study and the Remedial Action Plan documents for this area. And then we started the kind of official remaining cleanup of the area. And this included removal of over 200,000 cubic yards of soil from various other parts of H1. We consolidated those areas within the 72 acre containment area. And the rationale for that was that we knew that the 72 acre area was contaminated with metal and other disposal activities from five decades and really wasn't feasible to move that contamination somewhere else. So the thought process was, well, let's get the extent of the contamination into the smallest area possible so that the rest of the area could be basically rehabilitated. So we did that, and we've also been in the process of installing a multi-layer engineered cover system over that containment area.

And I have some photographs here of some of the various elements of our remedial activity in Investigation Area H1. This is a photograph of the installation of essentially what's -- it's our groundwater extraction trench. Essentially it acts like a French drain. It's just on the inside of that soil bentonite slurry wall barrier that I mentioned earlier. And we put a perforated collection pipe in this trench, and that's where we collect and pump the groundwater from inside the containment area. This is an example of a HDPE -- high density polyethylene geomembrane being placed. This is a geocomposite, which is basically a sandwich of a very low impermeable

clay material that we also put down underneath this material in certain parts of the landfill. And then the last activity is we put two feet of soil on top of these geosynthetics, and then we hydroseed that with native grasses.

So as Tony had mentioned in his remarks, Weston also has responsibility for cleanup of two other sites known as the Western Magazine Area and Investigation Restoration Site 05. And again, as I mentioned, we -- for the dredge ponds, we did a similar digital geophysical mapping survey of the Western Magazine Area. And we excavated actually over 10,000 -- well, actually 13,000, including the IR-05, 13,000 anomalies in the Western Magazine Area. We were able to -- out of those 13,000 we did recover 769 munition items. And in the IR-05 site we recovered 323.

I don't have it listed here, but in the Western Magazine Area they do have -- there were a couple of old outfalls, and we did recover 39 radiological items. These radiological items are small luminescent dials that typically were on board ships to provide guidance when the -- if they lost power so that they could locate telephones or other critical pieces of equipment on the ship. And a lot of this material when the Navy decided to take it out of service, unfortunately those items tended to get tossed overboard when the ships berthed in Mare Island Strait. And actually a lot of the munition items that we have found in the dredge ponds ended up at the dredge ponds through the same mechanism. They were discarded overboard, and then when the dredging occurred in Mare Island Strait, they were pumped with the sediment to the dredge ponds. And, of course, since they were heavy they fell out of the pipe pretty much very close to the end of the pipe, and that's where we found, you know, all of these various munitions and radiological items in the dredge ponds. So that work has been completed.

We've also identified through sampling about 30,000 cubic yards of soil that exceeded primarily ecological risk. This is risk to, you know, birds or mammals. And that soil was excavated and also consolidated within the IA-H1 Containment Area. We have just recently finished the Draft Final version of the Remedial Investigation Report which updates that report to include the removal of this 30,000 cubic yards of soil, and also updates the removal of the munitions and the radiological items that I mentioned. And the next step will be preparing a Feasibility Study to evaluate what additional actions might be appropriate for these two sites. And then the Final Remedial Action Plan which would determine what the final remedy will be.

And just to close my segment. This is a couple of examples of some of the items that have been recovered from the Western Magazine Area through that digital geophysical mapping investigation that I mentioned. We have some -- a five inch shell here and up here. Five inch refers to the diameter. They're probably about a foot and a half long, give or take. And these would have been placed in the five inch guns on a ship. And then down here at IR-05, because that was kind of a miscellaneous disposal area, there's a lot more diversity of munitions items, you know, mostly a lot of fuzes. And again, these would have been unwanted components that were taken down to the south end and presumably destroyed, but obviously not all, because we found, you know, quite a few that had been either buried on purpose or discarded and covered up over time and forgotten about basically. So that is the status of our work to date.

MR. MEGLIOLA: Thanks, Dwight. So in closing, as I mentioned earlier, the Mare Island early transfers, the eastern and western, are the largest and most complex within the Department of the Navy. And coming back to where we started, our feeling is all indications, from the Navy's perspective, is that these projects will both -- both of these projects will greatly benefit the

citizens and the taxpayers. Sheila mentioned guaranteed funds. We both talked about the insurance policies to ensure completion of work without additional Congressionally appropriated dollars, i.e., taxpayer dollars. The reuse authority, the city, the developer control and integrate cleanup with redevelopment efforts and priorities. And private sector, Weston, Lennar, CH, expertise and organizational support in collaboration with the Navy staff has really been integral to accomplishing this -- both of these complex projects. And overall I can very candidly say that if not for these early transfers and this partnership that's been in place for approximately the last decade, we would very definitely -- we collectively would very definitely be light years behind where we are today in terms of the overall remediation of Mare Island. I don't know, you talk monthly and you guys have presentations about the work that's been going on here over these years. There's just so much going on in both the Eastern Early Transfer and the Western Early Transfer, as well as the work that's directly coordinated from my office. So I very much am thankful just on that front that these early transfers are in place, especially when I come out and have a site tour, what have you, and see and hear all the things that are going on on these transfers. So with that, myself, Dwight, and Sheila can take any questions that you have. And we hope this presentation has been responsive to what this group was looking for.

CO-CHAIR HAYES: Thank all three of you for a really comprehensive presentation. I think probably -- hmmm, I don't know exactly how to pose this question. I've got at least a couple of questions here. One: Way back on your early transfer slide on page six, Tony, you talk about some of the good things that these early transfers have been for the Navy in terms of getting -- and that, you know, you consider the biggest bang for your buck, you know, what you're going to get in terms of acreage, and not cherry picking. Can you give us any idea about what kind of cost reduction you have had as the Navy in terms of administrative costs?

MR. MEGLIOLA: You know, I don't have a -- I can't quantify that specifically. But the dollars that the Navy put into these ESCAs so far to date has been -- that's the total that we've put into them. I don't have a way to quantify if, you know, all that work that Lennar, CH, and Weston are doing, how much that would have cost us from an administrative perspective to do that job. So I don't know if it would have been more or less. As Sheila mentioned, the Navy has a lot of processes that we need to follow. I'm guessing that our administrative costs would be greater, but I don't know. Again, I can't quantify it to give you a precise number. But that's my educated guess that it's been a savings.

CO-CHAIR HAYES: Okay. On your slide nine, natural resources damages, I know that at one of the Restoration Advisory Board Marine Corps and Navy co-chairs conferences, both Jerry Dunaway, my previous co-chair and I attended a presentation given by Navy counsel on natural resource damages, and there was quite a bit of talk in that presentation by the general counsel for the Navy that Mare Island might well qualify for natural resources damages. Has that been pursued at all? And will it be pursued for any of the upcoming cleanups?

MR. MEGLIOLA: To my knowledge there has not been any natural resources claims to the Navy. My understanding of that is the Navy retains the overall responsibility for all of the contamination that's in place here as a result of Navy activities for the past 150 or so years. And so by indicating that as a Navy Retained Condition, it's simply specifying that for claims that could come up, those are -- the Navy is ultimately responsible to address those, that they are -- that that liability is not in any way, shape, or form transferred through the early transfer process.

CO-CHAIR HAYES: Moving to slide ten, your Parcel number VII-B. You had lumped that with Parcel VI because it had munitions issues. However, in January of this year the DTSC, and I don't know about the EPA, but at least as far as we know the agencies accepted your tech memo and agreed with the Navy that there were no longer any munitions concerns in Parcel VIIB, so why would you continue to have it on track lumped together with the PMA and the south shore?

MS. NAITO: Did you mean VII-A?

CO-CHAIR HAYES: I'm looking at VII-B.

MS. NAITO: VIIB is the South Shore Area?

ACTING CO-CHAIR WOCHNICK: Do you mean the PMA Housing Area?

CO-CHAIR HAYES: Right.

MS. NAITO: PMA housing, I think that's VII-A X, maybe.

CO-CHAIR HAYES: It's X?

ACTING CO-CHAIR WOCHNICK: It would be a small portion.

MS. NAITO: It's a really tiny little portion on here.

CO-CHAIR HAYES: It says it's transferred?

MS. NAITO: It's in pink.

CO-CHAIR HAYES: It's in pink, it says it's transferred.

MS. NAITO: Yes.

MR. HOLLINGSWORTH: No, that's not the housing area.

MS. NAITO: Oh, I'm sorry, where is the housing area?

MR. HOLLINGSWORTH: The housing area is -- this is a hard thing to do. But go over VII-B, and if you go north, just that little area right there at the top next to the pink, that would be the housing. It's so small it won't even show on this map.

MR. MEGLIOLA: And one other clarification is that, for example, the red, for example, V, VI, VII-B, that doesn't mean they're grouped and will be transferred at the same time, they'll be transferred when the no further action is achieved. And so, like I mentioned, Parcel II and the SSTP Outfall and the X-B (1, 2 and 3), it's just through timing those were ready, are going to be ready at the same time, and so then we're grouping them in one Finding of Suitability to Transfer, one FOST document and doing the transfer at the same time. But in that, for example, Parcel X-B (1, 2 and 3) will be transferred to the City of Vallejo. And the SSTP Outfall will revert back to the state.

CO-CHAIR HAYES: On slide 11 you mentioned in the early transfer, the Eastern Early Transfer Parcel that you have a -- there is included in that ESCA a $150 million environmental liability policy. And you mentioned that you could use up to --

MR. MEGLIOLA: Fifty.

CO-CHAIR HAYES: I guess Lennar and the City could use up to $50 million to cover known, what -- contaminants. What's the other hundred million for?

MR. MEGLIOLA: So I'm sorry, say it again, I was looking at my notes.

CO-CHAIR HAYES: You have listed $150 million environmental liability policy.

MR. MEGLIOLA: Right.

CO-CHAIR HAYES: And you said in your presentation that $50 million could be used --

MR. MEGLIOLA: Oh, for unknowns.

CO-CHAIR HAYES: -- could be tapped for knowns.

MR. MEGLIOLA: For unknowns.

CO-CHAIR HAYES: For unknowns.

MR. MEGLIOLA: Yeah. So the --

Co-CHAIR HAYES: So what's the other hundred million for?

MR. MEGLIOLA: So the $57 million, the cost cap covers knowns and more than expected. The 150 -- and I said the fifty of that 150 would be for unknowns.

CO-CHAIR HAYES: Uh-huh.

MR. MEGLIOLA: The other categories in that are pollution liability, contractors liability, other third party liability claims, slip and fall accidents, things of that nature.

CO-CHAIR HAYES: It's my understanding -- and something that didn't get talked about by any of the presenters was, I think it was most clearly alluded to by Sheila with Lennar -- that these insurance policies have proven to be as difficult as any of the, probably to generalize, any of our auto insurance policies where the insurer takes your money but doesn't necessarily -- then you've got to negotiate or make a case or take to court or whatever them to get the -- what they've promised. That seems like it has been very costly here at Vallejo in terms of -- particularly in terms of time. Lots of machinations, from what I gather, regarding -- and what Sheila's said, a lot of time spent trying to make a case for or to negotiate with the insurers. That seems like a real flaw. It sounded like it was going to be the panacea for us; but, in fact, it feels like it's a real flaw going forward. Does the Navy recognize that as a legitimate concern? And would you do something different?

MR. MEGLIOLA: Well, it's definitely a concern as far as, you know, time is really the issue there in terms of working with the insurer. But I guess the other side of that coin is the possible savings to the taxpayer that can result from those policies being in place. No offense to anyone who works in the insurance business, but, I mean, that is essentially the name of the game in the insurance business is to collect the premiums and pay out as little as possible. They wouldn't be in business otherwise.

CO-CHAIR HAYES: Sure. But that seems to me like that's putting -- potentially putting our early transfer proponents and their contractors in a very difficult place. And potentially the contractors could be losing money. Definitely the early transfer proponent may be having difficulty meeting a schedule for timely reuse. The City and its developers, you know, may lose out on opportunities while this is going -- these -- this is going on. And it sounds like one of the biggest issues, as I understand it, has been the known -- making a case for the known versus the reasonably expected, how the known changed or how the known unknown got -- which is --

MR. MEGLIOLA: Uninsured unknown.

CO-CHAIR HAYES: -- current issues, you know, gets negotiated, and what pot of money that the insurance, you know, which -- what the claim comes out of. And in the meantime it seems like the contractor is sitting there burning up staff time and money maybe and not going to get reimbursed, and the same thing with -- ultimately with the City and its developer.

MR. MEGLIOLA: Yeah. We -- from the Navy perspective we don't have that direct interaction on a day to day basis.

CO-CHAIR HAYES: It doesn't really matter to you.

MR. MEGLIOLA: Well, it does matter. If in the event that they didn't pay something that we feel they should pay, you know, that's obviously a problem because if the insurer doesn't pay and we get to the end of the road and there's still work to be done, and the ESCA funds are gone, then that work comes back to the Navy. So it's very much a concern.

CO-CHAIR HAYES: Right. That was a -- I understand a cap -- at a certain cap, a certain point that the policy gets used up or a twenty year limit, whichever came first, the Navy would then be back on the hook according to those policies in general?

MR. MEGLIOLA: Basically.

CO-CHAIR HAYES: Yeah.

MR. MEGLIOLA: Yeah. So, I mean, you mentioned the example with the car, you know, you get in a car accident and it can be a real headache to extract your thousand or 2,000 or 3,000, whatever it is, from AAA or whomever your insurer is. That's the case with car insurance --

CO-CHAIR HAYES: The other guys. Yeah.

MR. MEGLIOLA: -- that's the case with lots of different types of insurance, if something happens in your house. No different here. I guess I would say and, yeah, the -- these folks do definitely have a, you know, have a difficult job in working that relationship.

CO-CHAIR HAYES: So the good part of this is that we were able to buy a policy that hopefully reimbursed -- even though there were deductibles, I understand, which is a cost -- but the Navy was able to, you know, sort of off the work and was able to get done faster. But then haunting us is the concern that either the insurance funds get used up, or that, like this policy expiring at the -- at a certain time. Does that mean that you can't renegotiate that policy and that it -- this will all come back then to the taxpayer, whatever isn't done? Back to the Navy, in other words?

MR. MEGLIOLA: Yeah. I mean that's really the bottom line. If there was an event where work was still remained to be done, if ESCA funds were gone, if policy limits, in another example were -- reached their threshold, yeah, it comes back to the Navy as a Navy Retained Condition.

CO-CHAIR HAYES: Okay. I think I'm closing in on the end of my questions, but it hasn't surprised anybody, has it, that I do have some? And I hope that it has been instructive for somebody. The whole presentation I hope has, because I think that this is, you know, we really, we being Lennar, the City, and Weston, along with the Navy really took a huge gamble here, and I think it's worthwhile to talk about it. Dwight, just one question for you. What's the rate of the --

ACTING CO-CHAIR WOCHNICK: Groundwater extraction.

CO-CHAIR HAYES: -- groundwater extraction -- thank you, Heather -- at this point? What's the rate now?

MR. GEMAR: When we initially started the system up it was about forty to fifty gallons per minute. But then after we covered the landfill area with geosynthetics it, of course, didn't have anymore rainfall getting into that mass, so it's dropped to about less than five GPM, I would say, on average, five gallons a minute.

CO-CHAIR HAYES: All right. Great. And then on your last slide, I note in this photo that you have bomb fuzes and bomb fuzes. I was told by someone recently who's pretty high up in the whole Navy munitions program, that the Navy doesn't have bombs. So how did you get fuzes for bombs? Whose bombs were those?

MR. GEMAR: Maybe they'd prefer projectiles. We just call them bombs here, but some other folks might use a different terminology for the same thing.

CO-CHAIR HAYES: Okay. Well, that's just sort of a ha ha cause, you know, big deal, you know, just say it, it goes boom. Hopefully not on your foot or in your shoe or a hand or something. Oh, yeah, right. Okay. All right. So the last one was when did those insurance policies die, and then when does it all kick back in for the Navy's liability. So we will wait and see on that one, won't we? Thank you.

MR. MEGLIOLA: Thank you.

ACTING CO-CHAIR WOCHNICK: So thank you, everyone, for that presentation. We now go into the first public comment period.

MS. SCHIVLEY: This isn't really a comment, it's just something that I would like to be sure gets followed up. Earlier this evening, before the meeting started, I had a neighbor who had come to me with a concern about radiological contamination in a rather vast area. I talked with Janet and Heather and they took down all of the particulars. And I just want to be sure that it gets resolved. So I don't want to bore everyone with all of this, but perhaps it can be distilled down for the next meeting so that you can present it to the entire group and everyone will know what it is that you're looking at. It's some area that was being examined for munitions, and in the process of looking for munitions some radioactive materials were found. I don't know if it was unexpectedly or not. But they -- I just want to make sure it doesn't drop off the radar screen.

CO-CHAIR HAYES: It will probably be helpful, to me anyway since we're here, if you -- if you don't care to repeat the story or the concern, if Janet and/or Heather could fill us in on that because these are recorded minutes, and that way we'll have them on the record.

ACTING CO-CHAIR WOCHNICK: For the minutes, Mrs. Schivley -- or Mrs.?

CO-CHAIR HAYES: Yeah.

ACTING CO-CHAIR WOCHNICK: Mrs. Schivley had brought a resident to our attention. In a verbal conversation with the resident and a former UXO technician that was working on the island, Mrs. Schivley's resident friend had indicated that the UXO technician had taken a Geiger counter out to a UXO site and had gotten hits on the Geiger counter. And the story that is related is that the UXO tech had brought the comment to the supervisor working on the site, and that the supervisor had dismissed the radiological concerns. So Mrs. Schivley was concerned that we were not, indeed, looking for radiological items of concern in our areas. So we will definitely follow up with the concerns.

MS. SCHIVLEY: Yeah. Part of my concern is this is a major health hazard if it's true. And secondarily, if it is not remediated now by the appropriate parties, it will fall on the City of Vallejo. And as everyone knows, the City of Vallejo does not have any money.

CO-CHAIR HAYES: Well, first of all, I just want to assure you that it would not fall on the City of Vallejo; that, in perpetuity, as far as I would understand it, and Tony could maybe talk to that, or Heather, the Navy would retain the responsibility for environmental cleanup of materials that it has placed or -- and it's doubtful that the Spanish or Native Americans before the Navy, or gold rush guys placed any -- or squatters had placed any radiological material.

And I think the second thing that you bring up is one that merits just at least a comment from me in lay terms. And I might be wrong, and I could be corrected by folks here, in that, generally speaking, radiological contamination is a -- there's a broad range, and if you are speaking about -- a broad range of risk to human health. And, in fact, if you are speaking of the type of radiation, radiological items that have been associated with munitions areas, in fact, those are, it's my understanding, fairly low level risk to humans. Again, I'll be free to welcome a correction on that. But it's an issue that they often have been found together, particularly with munitions and radiological items that go through dredge lines and got deposited. But those are pretty low risk, so we can kind of feel a little bit good about that.

MS. SCHIVLEY: Well, apparently the Geiger counter reaction was enough to alarm the inspector, and it appears to be that the radiological material was paint possibly. And I guess my other concern is once the Navy issues an NFA, can we go back to them if something else is found?

ACTING CO-CHAIR WOCHNICK: Well, that is part of the CERCLA warranty that Tony mentioned earlier that it will run with the land. So, yes.

And to follow up with Myrna, she's absolutely correct regarding the risk and the low level. One other piece of followup is if you had a Geiger counter -- I think even Dwight might have demonstrated it, you know -- at old exit signs you could get hits that would go crazy. There is natural radioactive background in many places, and Mare Island is one of them. There have also been spots of naturally occurring potassium on Mare Island that is natural and will give a radioactive signature. And so if you turn on a Geiger counter, you would get some sort of reaction.

MS. TYGIELSKI: You could get it anyplace.

ACTING CO-CHAIR WOCHNICK: Yeah. As Paula said, you could get it anyplace. So depending on the extent of it or the counts per minute, that would be of concern. But we will continue to look into it for you.

MS. SCHIVLEY: That would be fine. Obviously I'm no expert on Geiger counters or radiological material, but I would like to think that someone who is hired as an inspector would be.

ACTING CO-CHAIR WOCHNICK: Thank you. Are there any other public comments? In the back.

MR. BROWN: Robert Brown, I'm a Mare Island resident here.

CO-CHAIR HAYES: If you could use the microphone?

MR. BROWNE: Sure. Robert Brown, local resident here. Just some general information, a little bit more on this hill we have coming up outside here, the geosynthetics installation. Could you explain a little bit more what that does? And then the next part of that would be if you're covering it with two feet of fill, will there be anything on top of that; like are we going to have grass out there? Someone else is also, I heard a rumor that there's going to be a golf course.

(LAUGHTER.)

MR. BROWNE: So I guess a little bit more information about what's happening out there on that hill and what the layers do. The second part is they're spraying the wetlands, and they do it on a regular basis, and it seems to keep the bugs down. Could you explain a little bit more what that is?

MR. GEMAR: Well, I hope they don't put a golf course out there, because the way I play, the divots that I would make, two foot is not deep enough. No, there are no plans for a golf course. In fact, DTSC has instructed that there cannot be any public access to the landfill just because it falls under the -- what they call the Resource Conservation Recovery Act rules, RCRA, and they don't allow for public access on a RCRA facility. So there will be a fence around it. And we will not allow, you know, folks to get up there, which is, from my perspective, kind of a shame because it's a nice view of up there. But anyways -- and yeah, there is no plans for a golf course.

The geosynthetic material, what that does is it precludes rainfall from -- after it soaks through the soil, it precludes it from getting into the mass, that former waste. And the reason that's a good thing is because when you have water commingling with waste you can extract, or the water can extract some of the contaminants and then move away from the mass. And so the two things that we have to prevent that is we have the geosynthetic barrier, which would eliminate the rainwater from contacting the landfill. Once it hits that barrier it just scoots off the landfill and it doesn't come in contact. The other thing is we have that barrier that I mentioned in my presentation, which is a very impermeable barrier, and then it has essentially a French drain on the inside of it that collects any water. And even though there's no water that is percolating into the landfill anymore, there is a certain amount of water that is in the mass, and it will drain slowly over time until it basically gets to an equilibrium point where the pour volumes or the capillary action of the soil will not allow the water to move anymore. And we're very close to that situation already. And that's really what a landfill cap is designed to do is to get everything to the point where basically it kind of self-desiccates the mass, and you really don't have much potential for movement of contamination from the landfill source.

ACTING CO-CHAIR WOCHNICK: Anyone else?

CO-CHAIR HAYES: And regarding your question about the spraying, I would direct you, for the absolute Gospel on that, to the Solano County Mosquito Abatement District, and that's a separate district with a separate assessment. And what they're -- what their mission really is, we have like 21 of the 26 mosquitoes known to man living out in those wetlands, and they provide a really important food source, amazingly, even baby, even parent hummingbirds feed mosquitoes to their babies because sugar water isn't going to make a baby grow strong, it's only going to make it fly.

(LAUGHTER.)

CO-CHAIR HAYES: And so there's some -- and they feed 'em spiders too. But there's a certain balance then that the mosquito abatement district, who's trying to prevent you and me from being deluged by mosquitoes that might potentially carry --

MR. COFFEY: West Nile.

CO-CHAIR HAYES: -- some type of an illness that you could contract from a bite from them. They're balancing that with the need to manage for wildlife that needs those for food. So they coordinate with the U.S. Fish and Wildlife Service and Pablo Bay National Wildlife Refuge that's outboard north of Mare Island, and with the city and, you know, and you. You are an assessee or you are an affected party. And so I would go directly to them. And what they're spraying now usually in those marshes is basically mosquito birth control.

MR. COFFEY: Yep.

MR. PORTERFIELD: Can I make a comment?

ACTING CO-CHAIR WOCHNICK: Sure.

MR. PORTERFIELD: Jim Porterfield. Myrna, your munitions expert friend that said that the Navy didn't use bombs, we used to work on skimmers, surface craft that were known as aircraft carriers, and they got these funny little things on the bottom of the wings, and a couple of them fell off on top of the big E and the forestal, and the Navy learned a whole bunch of new firefighting techniques as a result of those two accidents. So if he says that the Navy never used bombs, he's not thinking it all the way through, okay.

CO-CHAIR HAYES: It's a she.

ACTING CO-CHAIR WOCHNICK: Okay. Anyone else? Okay. I think at this point we're going to go into our first -- into our ten minute break. But first I'd like to say that Elizabeth Wells from the DTSC has an announcement --

CO-CHAIR HAYES: From the Water Board.

MS. NAITO: Water Board.

MS. WELLS: Water Board.

MS. NAITO: Although we'd be happy to have her.

CO-CHAIR HAYES: Don't get any ideas.

MS. WELLS: So the announcement that I have is that, and I think I've said this before, but John Kaiser is retiring. He's our Department of Defense program manager at the San Francisco Bay Regional Water Quality Control Board. And we actually have a Kaiser countdown calendar which is slowly being X'd off. And I don't remember, I think it was 16 days left or something like that. So his cubicle is getting cleaner and cleaner, and ours are all getting fuller and fuller. And he handed me a big folder the other day and said, "Here's some stuff from Mare Island," and I threw it all away -- except for one letter, I think. And -- but anyway, I wanted to say that I'm really going to miss him, and I brought a cake for all of us to share and to say thank you to John for all that he's done for Mare Island and for the Water Board.

(APPLAUSE.)

MR. KAISER: Liz, maybe you could also talk about who's going to be replacing me.

MS. WELLS: I'll do that in the announcement, in my regulatory update.

MR. KAISER: Oh, okay.

ACTING CO-CHAIR WOCHNICK: So let's take a break, a quick break.

(Thereupon there was a brief recess.)

III. ADMINISTRATIVE BUSINESS (Myrna Hayes and Michael Bloom)

ACTING CO-CHAIR WOCHNICK: Let's move onto some administrative business and announcements. I don't know if you want to go first? Were there any comments on the RAB minutes from last month, April?

CO-CHAIR HAYES: And if they have any they can e-mail.

ACTING CO-CHAIR WOCHNICK: If you have any comments you can provide them to myself, Heather Wochnick, or Myrna Hayes.

CO-CHAIR HAYES: That's it, you're done.

IV. FOCUS GROUP REPORTS

ACTING CO-CHAIR WOCHNICK: All right. Moving onto group reports.

MR. COFFEY: Wendell.

ACTING CO-CHAIR WOCHNICK: Wendell.

a) Community (Wendell)

MR. QUIGLEY: I have nothing to report.

MR. COFFEY: There's a surprise.

MR. QUIGLEY: I did report last month.

b) Natural Resources (Jerry Karr)

CO-CHAIR HAYES: Yes, sir. Jerry Karr is not here tonight so there's no natural resources focus group report. I think his oldest granddaughter is graduating, so she has a service today. So Paula, technical report.

MR. COFFEY: That's technical.

c) Technical (Paula Tygielski)

MS. TYGIELSKI: Let's turn on the microphone, that's technical enough. Technical focus group didn't meet. I went to Hawaii instead.

MR. COFFEY: Oh, geez.

MS. TYGIELSKI: Poor me.

CO-CHAIR HAYES: Wasn't there something we were going to have a meeting about though?

MS. TYGIELSKI: We were going to meet about the munitions, keeping sample munitions for your bomb museum, and land use controls. But one didn't get scheduled.

CO-CHAIR HAYES: I guess that would be up to us to do.

MS. TYGIELSKI: Yes, it would.

CO-CHAIR HAYES: Let's work on that by email.

MS. TYGIELSKI: But anyway, I went to Hawaii because a week ago the Stanley got married.

CO-CHAIR HAYES: First he's in the Navy then he's getting married, what will be next?

MS. TYGIELSKI: The only thing is he did marry a young lady he's known since kindergarten. So I think it's a sudden and unexpected thing, but he's feeling like, "I waited thirteen years for this girl."

d) City Report (Gil Hollingsworth)

CO-CHAIR HAYES: City report, Gil Hollingsworth.

MR. HOLLINGSWORTH: Nothing to report. Thank you.

e) Lennar Update (Steve Farley)

CO-CHAIR HAYES: Lennar update, Mr. Farley of CH2M Hill.

MR. FARLEY: Thank you, Myrna. Got a handout, this eleven by seventeen figure. Let's start with the photographs. On the upper left corner, that's some work being done at Building 461. 461 is the building just to the south of here. That truck is a vacuum truck, and underneath Building 461 is some lead acid precipitate, and that material is being removed by being vacuumed out from underneath the floor. It's relatively sort of granular. It doesn't -- it's not real stiff so they can just use the vacuum truck and pull it out.

CO-CHAIR HAYES: So when you gave us this presentation you said that you were going to have to jackhammer out the floor and all that.

MR. FARLEY: Yeah, it's all -- all of that has changed. We're going in from underneath the floor.

CO-CHAIR HAYES: Yeah, cool.

MR. FARLEY: There are some additional things that we have to do underneath the floor, but essentially we're going underneath. And a lot of it is structural considerations.

CO-CHAIR HAYES: So it's cheaper then?

MR. FARLEY: Well, it's primarily structural. So in terms of scale you can see there's a worker in the background, just to get an idea of the size of the rig relative to the building. In the lower left is a photograph of a drill rig inside of a building. We use lots of different types of drill rigs on this project. Some are the size of this room, and some are relatively small. This one we're working inside Building 386. You can see the location of 386 in the -- in the IA-C2 Area. This is some drilling we're doing underneath the concrete slab. There's some work associated with the quench tank area inside the building. It's one of the activities or one of the structures that the Navy used as part of their steel working. And so we're doing some drilling there to find out the conditions underneath that concrete slab. Just an example of some of the work that we do inside buildings. On the right side in the lower right, that's the inside of Building 680. And if anybody has looked inside of Building 680 historically.

MR. COFFEY: It's never been that clear.

MR. FARLEY: It's never been that clear. I'm not sure it was that clear when it was brand new. But it's gone on very well, we're almost done with that, probably another few weeks or so.

And the photo in the upper right, the reason I included that is because you get sort of a mega scale for the size of that building and laying out a cap across it. But then you have to remember that there's all kinds of small nuances that you have to take care of. If you put a four inch cap over the site, how do you open doors? So there's a number of those kinds of things that you have to think about and work on on a constant basis across the entire floor of the building. So I just include that as an example of some of the details that we have to pay attention to.

Going to the lower left where the little table is, I think, as Sheila pointed out tonight, and if you look at the colors on the map, a lot of the work that's being done now is in the construction phase and the post construction phase. And so what you'll see more and more of are these documents that are decision documents, a RAP, remedial action plan. And now you'll start seeing documents referred to as implementation reports. So we started off writing sampling and analysis plans or work plans, and then remedial investigation reports and feasibility studies, and moving on down the line. And now a lot of the reports that we're working on are either closure reports, like for the PCB sites, but also these implementation reports. And so you'll start seeing those show up in the documents in the public review periods that are coming up.

There are not a lot of changes in the environmental site closure status. I think there may have been one additional UST site that was closed. But there are about ten other PCB sites where we've either completed the work or the work is almost done, and others to where we're getting started sometime in the next few weeks. So those numbers should change as things move along.

The other -- probably the most -- the other most important thing that's probably happened recently is either today or tomorrow the draft for public review FS/RAP, Feasibility Study/ Remedial Action Plan for IR-15 is being delivered to the agencies. And that's the revised draft for public review. And that document is a major milestone to get the remedy approved, the public comment period, and then get the construction going. So those are the main highlights for tonight.

ACTING CO-CHAIR WOCHNICK: Thank you, Steve. Weston update, Dwight.

f) Weston Update (Dwight Gemar)

MR. GEMAR: Well, yes, Cris Jespersen sends his apologies, he was tied up working hard on a proposal, so I'll give the update. And hopefully everyone has a handout. As you can see in the left hand column under document status, we have kind of the same kind of theme going on that Steve just alluded to. You might notice a lot of documents called completion reports which indicate that removal action or remedial action has been completed. And that we just had one reviewed and approved by the agencies for the Sanitary Sewage Treatment Plant Outfall indicating that that work is complete. And you can go through the list and you'll also see a lot of documents now relating to the Western Magazine Area and IR-05 as we're getting close to the decision document for that -- those two sites. And then down below is just an update on the containment area. We have installed, finally, all of the geosynthetic material over the cap, and we are in the process of putting the final two foot of cover soil. And that's moving along and should be done in the next few weeks or less. And then we can get going on the trail installation. And in the upper right you see the last pictures that you will ever see of geosynthetic installation, I promise, unless Gil digs it up. Now I will not show anymore pictures, we are done.

MR. HOLLINGSWORTH: We will dig it up and put our golf course on it.

MR. GEMAR: Just repair the divots.

(LAUGHTER.)

MS. TYGIELSKI: The man who asked the question about the geosynthetic material --

MR. GEMAR: Absolutely.

MS. TYGIELSKI: -- he should pick up a copy of this paper so he can look at what it looks like.

MR. COFFEY: He did.

MR. GEMAR: And then down on the right is just the cover soil going on top that we spread and compact, and we bring that in with large trucks. So it's moving right along. Any questions?

ACTING CO-CHAIR WOCHNICK: Thank you, Dwight. Let's go to the regulatory agency update. Janet.

g) Regulatory Agency Update (Janet Naito, Elizabeth Wells, Carolyn D'Almeida)

MS. NAITO: Hi. We currently have a document out for public review, hopefully everybody got a fact sheet on this. It's to terminate the RCRA Corrective Action Requirements on the three parcels that Tony talked about earlier that the Navy is planning to transfer. The public comment period will run until July 1st. If you have any comments on that, please let us know or send your comments to me. If you didn't get a fact sheet, if you can let me know, we'll make sure you get one.

Oh, and I also needed to let everybody know that I will not be here next month. I could try calling in from Washington, D.C. if you guys want to put in a conference phone, but Richard Perry, my public participation specialist, will be here in my place.

MS. WELLS: Okay. The Water Board update. I also will not be here next month.

MS. NAITO: She is not going to be in Washington, D.C. with me.

MR. COFFEY: Oh, man. Conspiracy.

MS. WELLS: I don't know where I'll be in the course of my travel across the country.

MS. TYGIELSKI: Is the EPA going to be here anymore?

MS. WELLS: I have asked Erich Simon who also works at the Water Board to come in my stead, so I will remind him of the date of the meeting. And then I made the big announcement about Mr. Kaiser. So his replacement, until we backfill Mr. Kaiser's position, will be Alec Naugle. He's a senior engineering geologist in the DOD.

MR. GEMAR: Yeah, he's been here.

MS. WELLS: Yeah. And he actually worked on Mare Island a long time ago. And so I have some boxes of his notes, some of which I have thrown away. And anyway, we were hoping he could come tonight, but he was out of town and he, I guess, didn't make it. So we're hoping he'll be able to come to the next meeting as well. And then the Navy has very conveniently summarized what letters I wrote, so I won't -- on their update, so I won't go over that. But we are continually reviewing documents and working on writing letters. And in some cases the Water Board may not actually write a letter, but we work together with the DTSC. So if you ever get copies of the letters you'll see that it says the DTSC and the Water Board. We're trying to cut down on paper.

V. CO-CHAIR REPORTS

ACTING CO-CHAIR WOCHNICK: And Paula, to answer your question if EPA will be here next month, I do not know. But she is not here tonight.

So, co-chair's report. So as Elizabeth mentioned, there's a lot of work going on. And let's see. Tony and Sheila all mentioned the Defense Reutilization and Marketing Office and all the work that's gone on over there. And we are finally to the point where we backfilled and hydroseeded the area. So it's a beautiful shade of green hue right now. And there is only one final restoration activity to be completed, and that's completing the storm drain, lighting and electrical replacements, and that will hopefully be completed shortly.

We are continuing to work on our PCB program. And right now there is a lot of excavation activity over at Building 163 where we had to remove the old electrical cable and infrastructure within the building. And we will be replacing that, and -- in order to get to the vault lid that was impacted with PCBs.

Over at IR-17, which is our third picture, you see the big excavator over there, we have excavated a portion of three different areas. Two of the areas are pretty much complete with the excavation. One of the areas is currently being held up by the requirement to put in a valve for a water line. So right now those activities are on hold until that water line valve can be found, procured, created. So more to come on that activity, but we are very close over there.

Then we are moving onto the J-Line where we have already closed the interior portion of the J-Line, and we are working to close the exterior portion of the J-Line. So with the closure of the exterior we conducted sampling that was completed at the end of April. And we are still looking forward to the samples, and we will be wrapping up that documentation in the next few months.

So if you flip over your page you will see that the Navy submitted eight different documents. As Tony mentioned, the Draft Final Finding of Suitability for Transfer for the A-2 Area, the X-B (1, 2 and 3) areas, and the Sanitary Sewage Treatment Plant Outfall, that went out and is currently under review. The Final Sampling and Analysis Plan for the J-Line section had gone out. And, like I said, it's already been sampled. The Final Tech Memo for assessing MEC as a Contaminant of Concern for a portion of the Investigation Area K, which is the offshore sediment area, is out for review. The Final Investigation Summary Report, which is another investigation for munitions and explosives of concern, that was finalized and concurred upon by the agencies. And the final PCB closure reports for four different reports have gone out. We've received a bunch of comments from DTSC and the Water Board. You can go through those at your leisure. And we've received two comment letters on PCB reports. We're trying really hard to get those through. And so you can see there's a lot of totals, a lot of documents going in. And that's all I have.

CO-CHAIR HAYES: And the two things that I just want to make you aware of is that Monday, May 31st, we'll have the preserve open from nine to seven for Memorial Day, and you're free to come there, as well as June 12th. Which on June 12th we'll be remembering two explosions that took place at the naval ammunition depot June 5, 1901, black powder blew up, a lot of it.

And on June 13, 1892, fifteen members of the crew of the USS Boston, the protected cruiser Boston, were killed in an explosion at the naval ammunition depot. So if you're into explosions, we'll be honoring those fellows at the cemetery at 1:00 o'clock that afternoon. And otherwise we're open that day as well nine to seven. So come on out.

ACTING CO-CHAIR WOCHNICK: With that we go into our second public comment period.

(No response.)

ACTING CO-CHAIR WOCHNICK: Nobody? All right. With that, the meeting is adjourned. Thank you, everyone.

(Thereupon the foregoing was concluded at 9:07 p.m.)

LIST OF HANDOUTS:

- Presentation Handout – Early Transfer Overview for the Restoration Advisory Board
- Presentation Handout – Features within the Eastern Early Transfer Parcel (EETP) – CH2M Hill/ Lennar Mare Island
- Presentation Handout – Mare Island RAB Update May 27, 2010 – Weston Solutions
- Navy Monthly Progress Report Former Mare Island Naval Shipyard May 27, 2010