

ENVIRONMENTAL
PROTECTION

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January 21, 1999

VIA OVERNIGHT DELIVERY

Robert Chambers, Esq.
Office of the District Attorney
7677 Oakport Street, Suite 400
Oakland, Calif. 94621

Scott O. Seery, CHMM
Environmental Health Services
1131 Harbor Bay Parkway, Suite 250
Alameda, Calif. 94502-6577

RE: People v. National Airmotive Corporation
Alameda County Superior Court, Case No. H-179506-2

**Alameda County Hazardous Materials Training and Resource Trust
Account – NAC Oakland Airport Remediation Sub-Account**

Gentlemen:

This letter revises the information previously forwarded to you in my letter of October 30, 1998, and follows up on the meeting that took place at the National Airmotive Corporation ("NAC") Test Cell Facility on November 24, 1998. Reference is made to various enclosures to my October 30 letter, which I have not included again in order to conserve paper. However, if you wish to have me forward additional copies of any of those materials, please let me know, and I will gladly do so.

The following discussion sets forth NAC's request for reimbursement from the remaining balance of the NAC Oakland Airport Remediation Sub-Account. The new request has been revised specifically to take into account the matters discussed at the November 24 meeting. In addition, as you will note, additional invoices have been received and additional amounts have been paid since the October 30 letter was sent, and these additional amounts are included in this revised request.

In light of the statements and conclusions enunciated by Mr. Seery, and acknowledged by Mr. Chambers, at the November 24 meeting, NAC anticipates that this request for reimbursement is complete and not subject to further revisions or additions. In brief, based on these statements and conclusions, NAC understands that, in the absence of some unanticipated increase in volume or change in composition of the material being recovered in the passive well that has

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been installed, Mr. Seery and his Agency do not intend to require or recommend any further investigative or remedial efforts with respect to this situation. If this understanding is incorrect, please advise us at your earliest opportunity, as a different scenario could result in additional requests for reimbursement for any remaining funds in the account.

REQUEST FOR REIMBURSEMENT

As expressed in my letter of October 30 and again during the meeting on November 24, NAC believes that there is evidence supporting the claim that NAC is entitled to reimbursement from the remaining \$20,705.78 in the Sub-Account for all expenditures incurred in the recent investigation and remediation of underground contamination at the Test Cell Facility due to the fact that these expenses were incurred in connection with work performed to comply with Section 5(D) of the Stipulation (relating to the "gray-water discharges"). At the same time, we acknowledge that Mr. Seery has expressed a somewhat different opinion in this regard. Nevertheless, NAC also understands that both of you have acknowledged that it would not be inappropriate, and, indeed, you would agree, that certain of the expenses incurred by NAC in this situation may be reimbursed from the Sub-Account.

At the November 24 meeting you requested that, in light of your analysis, NAC review the materials previously submitted, as well as any additional invoices or expenses involved in the matter, and then submit a revised request for your consideration. NAC has now done this, and the details of that revised request follow (with appropriate supporting documentation attached as exhibits):

(1) *Additional Alameda County Oversight Fees -- \$2,400.00*

Per the November 30, 1998 Invoice submitted by Mr. Seery, NAC has paid an additional \$2,400 in fees to the Alameda County Health Care Services Agency for oversight expenses related to this matter. Reimbursement for these expenses was clearly contemplated (and, indeed, previously provided with respect to earlier assessments) from the Sub-Account;

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(2) *Curtis & Tompkins, Ltd./ Sample Analysis -- \$1,024.00*

As indicated in Exhibit A attached hereto, NAC incurred this expense, which was invoiced on December 3, 1998, with respect to the handling and analysis of a sample of the material recovered from the passive well/skimmer installed in the area of the contamination. The results of this analysis were previously provided to you in the materials forwarded by Mr. Ano before the November 24 meeting. NAC believes this investigatory expense is clearly necessary, reasonable, and reimbursable under the circumstances. It was not included in the October 30 request because the invoice had not yet been received.

(3) *Envirometrix/ Environmental Consulting -- \$1,560.00*

As indicated in the Invoices attached collectively as Exhibit B, NAC incurred expenses of \$3,595.35 for services rendered by its environmental consultants, Envirometrix, in connection with the investigation, analysis, and remediation of the unanticipated contamination discovered while working on the underground storage tanks and piping. This work primarily involved the time and efforts of Mr. Norman Shopay, who, you may recall, participated in the November 24 meeting. Although all of Mr. Shopay's work resulted from the discovery of the contamination, NAC is seeking reimbursement for only fifty percent (50%) of the amount specifically charged for his services (exclusive of administrative, equipment, and other overhead charges). This is in keeping with the approach suggested by Mr. Seery that any claims on the Sub-account funds take into consideration (1) that this is a negotiated resolution and (2) that certain of these expenses would likely have been incurred in any event as incidental to the statutory requirements for dealing with abandoned underground piping, etc. Again, this sum was not included in the October 30 request because the invoices had not yet been received.

(4) *Estimated Future Costs for Passive Well/Sample Handling -- \$600.00*

Assuming that the volume and composition of the material being recovered from the passive well and skimmer at the Test Cell Facility continues along

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the same trend that has existed since its installation, NAC anticipates that a reasonable estimate of the cost for upkeep of the well/skimmer and associated equipment and collection and disposal of captured materials is \$600.00. This is based on anticipated costs of \$100.00 per month over a period of six (6) months. This estimate obviously may prove to be somewhat low or high. However, given the dollar amount involved, NAC believes that it is an appropriate estimate that should be included in the request at this time in order to allow this matter to be fully resolved all at once.

(5) *Foss Environmental/ Change Order No. 2 -- \$9,150.00*

Attached as Exhibit C is a copy of the final Invoice submitted by Foss Environmental on December 2, 1998, in the total amount of \$12,970.07, for work related to the handling and disposal of contaminated materials, installation of the passive well and skimmer, and related work. You will recall that the October 30 request included the Foss Environmental estimates for this work (Change Order No. 2). As it turned out, the estimates were several thousand dollars less than the amount that was ultimately charged to NAC for this work.

Based on Mr. Seery's argument that only such expenses should be included as can reasonably be attributed to the work relating to the investigation and handling of the contamination (including installation of the well and skimmer), NAC has reviewed the individual charges in the Foss Invoice and concluded that at least \$9,150.00 of the \$12,970.07 amount meets these criteria. It must be noted that none of the expenses represented by Change Order No. 2 would have been incurred but for discovery of the contamination situation. In other words, all of the expenses included in this invoice were above and beyond the expenses for doing the compliance work on the underground storage tanks and piping (covered by the original work order and by Change Order No. 1, for which any reimbursement request has been withdrawn). Accordingly, a legitimate argument can be made that all of the expenses in Change Order No. 2 should be reimbursed. Nevertheless, in an effort to compromise and reach a negotiated resolution along the lines suggested by Mr. Seery, NAC has limited the amount of its claim, as described below.

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The proposed amount [\$9,150.00] represents:

(1) one hundred percent (100%) of the charges for Task No. 2 (except for the clerical charges included in that task), all of Task No. 4, and the portion of Task No. 5 relating to Laboratory expenses; and,

(2) sixty percent (60%) of the charges for Task Nos. 1 and 3, and that portion of Task No. 5 relating to subcontractor charges for handling contaminated soil.

For your reference, the dollar amount pertaining to each item of each task has been inserted as annotations to the Foss Invoice spreadsheet contained in Exhibit C. The forty percent (40%) reduction of certain charges takes into account the fact that the work also included handling of contaminated soil from certain other locations along the underground piping in addition to the area where the well/skimmer was installed. The 60/40 allocation is a good faith attempt to estimate how much of the work was attributable to each portion of the job.

Based on the foregoing five items (i.e., (1) Additional Alameda County Oversight Fees; (2) Curtis & Tompkins Ltd./ Sample Analysis; (3) Envirometrix/ Environmental Consulting; (4) Estimated Future Costs for Passive Well/ Sample Handling; and, (5) Foss Environmental/ Change Order No. 2), the **TOTAL** amount for which NAC seeks reimbursement from the Sub-Account is **\$14,734.00**.

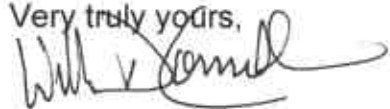
PROPOSAL FOR EXTENSION OF TIME

Finally, this letter confirms that the parties have mutually agreed that the December 31, 1998 time deadline in the original Stipulation and Order for resolving all requests for reimbursement has been continued. Although a specific new deadline has not been set, we assume that, once you have had an opportunity to review the foregoing request and the supporting documentation, you will have some idea of how long it should take to resolve this. I look forward to speaking with you in that regard.

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Thank you for your prompt attention to the matters set forth in this letter. I look forward to discussing this with Mr. Chambers, or, if it is appropriate and acceptable to Mr. Chambers, with Mr. Seery, at your earliest convenience.

Very truly yours,

A handwritten signature in cursive script, appearing to read "William D. Connell".

WILLIAM D. CONNELL

Enclosures

cc: National Airmotive Corporation (with enclosures)



Environmental Consultants

National Airmotive Corporation
7200 Earhart Road
Oakland, California 94621-4504

November 12, 1998

Invoice No. 9800683

PR #4508

EMC Job No. 198552 - Assistance / Test Cell Contamination

Assistance Related to Soil and Groundwater Contamination
Discovered During Upgrade to the UST at the Test Cell Facility.

APPROVED TO PAY 11/30/98
87100-30
Note: some reimbursement expected.

Professional Services: October 1, 1998 through October 31, 1998

Professional Staff	Hours	Rate	Amount
Principal	17.50	120.00	2,100.00
Administrative	2.50	90.00	225.00
Totals	20.00		2,325.00

Total Labor	2,325.00
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Unit Billing

Truck 6.0 Hours @ 15.00 90.00

Total Units	90.00	90.00
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Additional Fees

Communication 3.00% of 2,325.00 69.75

Total Additional Fees	69.75	69.75
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Grand Total This Invoice	\$2,484.75
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Remit Payment To:

Envirometrix Corporation
3950 Industrial Boulevard
Suite 200C
West Sacramento, California 95691-3430

EXHIBIT B



National Airmotive Corporation
7200 Earhart Road
Oakland, California 94621-4504

December 7, 1998

Invoice No. 9800716

EMC Job No. 198552 Assistance / Test Cell Contamination

FINAL BILL RELATED TO:
Assistance Related to Soil and Groundwater Contamination
Discovered During Upgrade to UST at Test Cell Facility.

PR# 4508

Professional Services: November 1, 1998 through December 6, 1998

<u>Professional Staff</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>	
Principal	8.50	120.00	1,020.00	
	Totals	8.50	1,020.00	
Total Labor				
Unit Billing				
Truck	4.0 Hours @ 15.00		60.00	
Total Units			60.00	60.00
Additional Fees				
Communication	3.00% of 1,020.00		30.60	
Total Additional Fees			30.60	30.60
Grand Total This Invoice				\$1,110.60

APPROVED TO PA
12-10-98

Remit Payment To:

Envirometrix Corporation
3950 Industrial Boulevard
Suite 200C
West Sacramento, California 95691-3430



Always Ready

December 2, 1998

Mr. Woody Ano
Facility Manager
National Airmotive Corporation
7200 Earhart Road
Oakland, CA 94621

**Re: Change Order No. 2: Contaminated Soil and Ground Water
National Airmotive Corporation Test Facility, Oakland, California**

Dear Mr. Ano:

This letter presents a summary of the scope of work and a breakdown of the total charges for Change Order No. 2 to the original contract between Foss Environmental Services Company (FES) and National Airmotive Corporation (NAC) for tank upgrade work at the NAC Engine Test Facility in Oakland, California.

Scope of Work

The scope of work of Change Order No. 2 included out-of-scope work performed by FES due to the presence of contaminated soil and ground water encountered during performance of the original scope of work. The following list includes tasks that were performed by FES within the scope of work of this change order plus summaries of extra costs associated with each task:

Task #1: Increased costs to perform tasks that were included in the original work scope

- Expenses: Import of clean backfill material (pea gravel) to replace exported contaminated soil; use of a dump truck to move backfill material; additional use of a backhoe to handle the pea gravel and excavated materials; additional use of pickup truck; additional use of cell phone; additional use of PPE (personal protective equipment).
- Labor: Scheduling and dispatch of FES labor and equipment resources; ordering and coordinating delivery of pea gravel; on-site handling of pea gravel (movement of material from stockpile to trenches and cleanup of stockpile area); work interruptions while the situation was assessed, NAC and agency representatives were notified and briefed, and the revised work plan was determined; work interruptions while oil/water was pumped from the trench; and work inefficiencies caused by necessary rescheduling of tasks.

Task #2: Client and regulatory interaction

- Expense: Additional use of cell phone and pickup truck ?
- Labor: On-site meetings and telephone conversations with client and agency representatives; research into oil recovery devices and soil disposal options; and preparation of documents including this change order and the expanded final report.

Task #3: On-site handling of contaminated soil from pipe trenches

- Expenses: Additional use of a backhoe required for moving of soil around the site (to place into bins); additional use of pickup truck; and additional use of PPE (personal protective equipment).
- Labor: Coordinating and performing stockpiling of soil at site; loading of soil into waste bins; and decontamination of tools and equipment.

1605 Ferry Point ■ Alameda, CA 94501

EXHIBIT C

Phone 510.749.1390 ■

24-HR Hotline 1 800 FE SPILL ■

Fax 510.749.1391

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Task #4: Purchase and installation of recovery well and passive oil recovery device

- Expenses: Purchase of well materials (casing and well box) and passive recovery device; additional use of pickup truck to pick up well materials; and additional use of PPE (personal protective equipment).
- Labor: Ordering, purchasing, and picking up well materials and passive recovery device; installation of well and passive recovery device.

Task #5: Sample collection and analysis; and transportation, storage, and disposal of contaminated soil

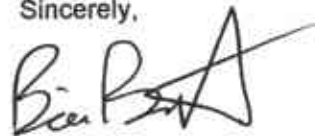
- Expenses: Laboratory analyses (four soil samples from Trench #1 analyzed for TPH; one oil/water sample analyzed for fuel fingerprint; and one composite stockpile sample analyzed for TPH and BTEX); bin dropoff, rental, pickup, and transportation to/offloading at disposal facility (rental of two bins for a total of 76 days and transportation of the bins to the Waste Management Altamont Landfill); soil disposal (disposal of 29.87 tons of soil at the Waste Management Altamont Landfill); and additional use of pickup truck.
- Labor: Collection and handling of samples; and ordering and coordination of laboratory services, bin rental, and soil disposal.

Breakdown of Charges

The attached table is a summary of the total charges invoiced to NAC by FES under Change Order No. 2.

If you have any questions regarding this change order, please call me at (510) 749-4131.

Sincerely,



Bill Bassett
Project Manager

Foss Environmental Services
Breakdown of Charges: Change Order No. 2

Client: National Airmotive
 Date: December 2, 1998

Site Name: Engine Test Facility
 Address: 7200 Earhart Road
 City, State: Oakland, CA 94621

Scope of Work: Additional tasks related to presence of contaminated soil and ground water

Explanation of Rates: The labor rates shown are FES standard labor rates from our 1998 Price List. The rates for FES-owned materials and equipment are FES standard materials and equipment rates from our 1998 Price List. The rates for purchased or rented materials or equipment are cost plus 18%.

Task Definitions: The scopes of work of the listed tasks are described in the letter by FES dated December 2, 1998.

Labor	Task #1	Task #2	Task #3	Task #4	Task #5	Quantity	Units		Rate	Charge
Project Manager	120 2	200 2				4.0	hrs	@	\$100.00 per hour	\$400.00
Field Supervisor	312 8	1040 18	156 4	520 8	312 8	44.0	hrs	@	\$65.00 per hour	\$2,860.00
Equipment Operator	330 10		132 4	110 2		16.0	hrs	@	\$55.00 per hour	\$880.00
Senior Technician	268 10		115 4	96 2		16.0	hrs	@	\$48.00 per hour	\$768.00
Clerical	31 2	0 - 2		26 1	31 2	7.0	hrs	@	\$26.00 per hour	\$182.00
Labor subtotal										\$5,090.00

Equipment	Task #1	Task #2	Task #3	Task #4	Task #5	Quantity	Units		Rate	Charge
Backhoe	450 2		450 2			4.0	days	@	\$375.00 per day	\$1,500.00
Backhoe mob/demob	120 1		120 1			2.0	each	@	\$200.00 per mob	\$400.00
Dump truck	198 1					1.0	days	@	\$330.70 per day	\$330.70
Pick up truck	120 2	200 2	60 1	100 1	60 1	7.0	days	@	\$100.00 per day	\$700.00
Equipment subtotal										\$2,930.70

Materials	Task #1	Task #2	Task #3	Task #4	Task #5	Quantity	Units		Rate	Charge
Pea gravel (delivered)	422 25					25.0	tons	@	\$28.10 per ton	\$702.50
Well casing and box				236 1		1.0	each	@	\$236.44 each	\$236.44
Passive recovery device				464 1		1.0	each	@	\$463.50 each	\$463.50
PPE	120 4		120 4	100 2		10.0	days	@	\$50.00 per day	\$500.00
Cell phones	30 1	50 1				2.0	days	@	\$50.00 per day	\$100.00
Materials subtotal										\$2,002.44

Subcontractors	Task #1	Task #2	Task #3	Task #4	Task #5	Quantity	Units		Rate	Charge
Bin dropoff					368 2	2.0	each	@	\$306.80 each	\$613.60
Bin rental					269 76	76.0	days	@	\$5.90 per day	\$448.40
Bin pickup and unloading					389 2	2.0	each	@	\$324.50 each	\$649.00
Soil disposal					354 25	29.9	tons	@	\$23.60 per ton	\$704.93
Subcontractors subtotal										\$2,415.93

Laboratory	Task #1	Task #2	Task #3	Task #4	Task #5	Quantity	Units		Rate	Charge
TPH-Jet A (normal turnaround time)				236 4		4.0	each	@	\$59.00 each	\$236.00
TPH-Jet A (24-hr. turnaround time)				118 1		1.0	each	@	\$118.00 each	\$118.00
Fuel fingerprint				59 1		1.0	each	@	\$59.00 each	\$59.00
BTEX (24-hr. turnaround time)				118 1		1.0	each	@	\$118.00 each	\$118.00
Laboratory subtotal										\$531.00

TOTALS PER TASK 2541⁰⁰ 1490⁰⁰ 1153⁰⁰ 1652⁰⁰ 2314⁰⁰

TOTALS (COMBINED) - \$9,150⁰⁰

SUMMARY	
Labor subtotal	\$5,090.00
Equipment subtotal	\$2,930.70
Materials subtotal	\$2,002.44
Subcontractors subtotal	\$2,415.93
Laboratory subtotal	\$531.00
Estimated Total Charges	\$12,970.07