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**PRESTO\***  
National Presto Industries, Inc.  
Eau Claire, WI 54703-3703  
Tel. 715-839-2121  
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January 25, 1991

No 0000040



Mr. Michael Gifford  
Remedial Project Manager  
Waste Management Branch  
U.S. ENVIRONMENTAL PROTECTION  
AGENCY  
Region 5  
230 South Dearborn Street  
Chicago, Illinois 60604

Dear Mike:

Enclosed for your information is a copy of our letter to the Sanitary District #1 transmitting the draft of the Memorandum of Understanding for construction costs and related attachments.

Sincerely,

NATIONAL PRESTO INDUSTRIES, INC.

*Richard A. Nauman*  
Richard A. Nauman  
Project Coordinator

RAN/dn  
Enclosures



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January 25, 1991

Mr. David H. Raihle  
Attorney at Law  
99 East Grand Avenue  
Chippewa Falls, Wisconsin 54729

Re: Sanitary District #1

Dear Mr. Raihle:

Pursuant to our discussions earlier this week, enclosed for your review is a draft Memorandum of Understanding (MOU) covering costs for the construction and installation of the Sanitary District #1 segment of the combination remedy for supplying an alternative source of drinking water to the affected area as provided for in the August 1, 1990, EPA Record of Decision.

Based upon the information that has been made available to NPI by Sanitary District #1, we have made a preliminary identification of costs which relate to (1) extending the District's system beyond the designated geographical area, and/or (2) oversizing the system to allow for extending beyond the designated geographical area. As you know, such costs fall outside the scope of coverage by the potentially responsible parties. These costs are set forth in Attachment B of the MOU. In addition, there may be other such costs that will be identified as we continue to evaluate the District's revised cost estimates that we received yesterday.

In addition, the District has included in its cost estimates for the system other items that are clearly outside the scope of the EPA's August 1, 1990, Record of Decision. For example, cost for a maintenance building would not be the responsibility of the potentially responsible parties. We note from the District's January 23, 1991, preliminary cost estimate sheets and the January 22, 1991, Chippewa Falls Herald-Telegram news article (copies of both are enclosed with this letter), that the District's engineering firm has represented that these costs would be paid for by the potentially responsible parties. Please be advised that the District's engineering firm's opinion is in error.

In view of the foregoing and the opinion on the part of the District and its engineering firm that there is no limit to what will be paid by the potentially responsible parties for this project, we have concluded that the MOU

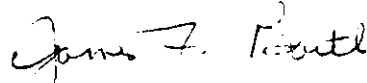
**PRESTO** / National Presto Industries, Inc. / Eau Claire, Wisconsin 54703

Mr. David H. Raihle  
January 25, 1991  
Page Two

should contain a dollar limitation. You will note that the enclosed MOU includes such a provision. After you have had an opportunity to review the MOU, we believe this provision, and perhaps other items, will necessitate further discussion.

Sincerely,

NATIONAL PRESTO INDUSTRIES, INC.



James F. Bartl  
Secretary and Resident Counsel

JFB/dn

Enclosures

cc.: Mr. Larry Johnson w/encls.  
Ms. Patricia Hanz w/encls.  
Mr. Lewis D. Walker w/encls.  
Ted Fischer, Esq. w/encls.  
Peter Peshek, Esq. w/encls.

P.S. Early next week, we will provide you with the detailed back-up on how the amounts set forth on Attachment B were determined.

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is entered into on this \_\_\_\_ day of January, 1991, between National Presto Industries, Inc. ("NPI"), a Wisconsin corporation with its principal office located in Eau Claire, Wisconsin; Sanitary District #1 ("District"), formulated under Section 60.70, Wis. Stats., with its principal place of business at 957 Hagen Road, Town of Hallie, Chippewa County, Wisconsin; the United States Environmental Protection Agency ("EPA"); The Town of Hallie, Wisconsin ("Town"); and the Wisconsin Department of Natural Resources ("DNR").

WHEREAS, the United States Department of Army ("Army") and NPI entered into an Environmental Restoration Agreement dated February 19, 1988, covering reimbursement for environmental matters related to the National Presto Industries, Inc. Site ("NPI Site") located in Eau Claire, Wisconsin, and

WHEREAS, EPA has identified the Army and NPI as two of the Potentially Responsible Parties ("PRPs") with respect to groundwater contamination in what has been described as the "affected area", located north of the NPI Site, and by general notice letters dated July 24, 1990, the EPA requested the Army and NPI to fund its selected remedy for providing an alternative source of drinking water to the affected area, and

WHEREAS, on August 1, 1990, EPA issued its Record of Decision ("ROD") selecting a combination remedy for supplying an alternative source of drinking water to the affected area, whereby the District would build a water system, i.e. the District Water System ("DWS"), to supply water to that portion of the affected area within the Town and the City of Eau Claire ("City") would extend its municipal water system to that portion of the affected area within the City, and

WHEREAS, the Army, after meeting with representatives of EPA on August 22, 1990, directed NPI by letter dated September 4, 1990, to negotiate agreements

with the District and the City to fund the EPA selected remedy for the affected area, and

WHEREAS, the District was duly created on the 14th day of September 1989, and received its certificate from the Wisconsin Public Service Commission on the 14th day of June 1990, and,

WHEREAS, the District and NPI have entered into a Memorandum of Understanding dated October 19, 1990, for reimbursement of necessary and reasonable costs incurred in conjunction with the creation and licensing of the District, including costs for design and engineering services, and the cost of land purchased by the District on which the well and reservoir for the DWS will be constructed, and

WHEREAS, the design for the DWS has been reviewed and approved by the DNR and the District desires to proceed with construction of the DWS by advertising for bids, selecting contractors, entering into construction and service contracts and proceeding with construction and installation of the DWS at the earliest possible date.

NOW, THEREFORE, in view of the foregoing premises and for good and other valuable consideration, the parties hereto agree as follows:

1) Payment of DWS Costs. NPI shall pay the District for the costs of the DWS in accordance with the following terms and conditions.

a) Covered Costs. The costs covered under this MOU shall be limited to the following specified costs reasonably necessary for the District to design and construct a water system for the geographical area outlined in Attachment A (which is hereby incorporated and made part of this MOU):

i) Reasonable and necessary costs of design engineering work for such DWS, including preparation of bid packages, but excluding the design engineering work already included in the October 19, 1990, Memorandum of Understanding between NPI and the District.

ii) Reasonable and necessary costs of construction work for building such DWS, including excavation for water mains and installation of water mains.

iii) Reasonable and necessary costs of excavation and installation of the DWS reservoir.

iv) Reasonable and necessary costs for such DWS construction materials, labor, services and supplies, including water mains, hydrants, water main fittings, reservoir, well, pump house, property and road restoration, water service extensions and related items as mutually agreed upon by NPI and the District.

v) Such other costs as mutually agreed upon by NPI and the District.

b) Costs Not Covered. Costs for the construction of the DWS as provided for in this MOU shall not include:

i) Any costs necessitated by or attributable to extending the DWS beyond the geographical area outlined in Attachment A hereto and/or oversizing the system to allow for such extension, including, by way of illustration, but not limited to, those items that are specifically identified in Attachment B, which is hereby incorporated in and made a part of this MOU.

ii) Any costs incurred before the EPA issued its August 1, 1990, ROD.

iii) Startup costs.

iv) Infrastructure costs.

v) Operation and maintenance costs.

vi) Any other costs not related to the design and construction of the DWS.

c) Cap. In no event shall NPI's cumulative total costs under this MOU (excluding amounts paid under the October 19, 1990, Memorandum of

Understanding) for the DWS exceed \$\_\_\_\_\_.

2) Warranties and Representations by District and Town. The District and Town warrant and represent that all of the geographical area outlined in Attachment A is within the boundaries of the Town and the District and that no part of the geographical area outlined in Attachment A is within the boundaries of the City of Eau Claire or subject to any claim, petition, proceeding or litigation regarding jurisdictional boundaries, annexation and/or detachment, or regarding the proper authority to provide water for such area.

3) Contractors. The District and Town recognize that NPI will have no contractual relationship with any of the individuals, partnerships, corporations or other entities providing design, construction or other materials or services to the District in conjunction with the design, construction, installation and operation of the DWS. The District and Town each hereby agree to hold harmless, indemnify and defend NPI, its subsidiary, National Defense Corporation ("NDC"), and the Army for all claims, demands, actions, liability and expenses related thereto, including legal costs and attorneys fees, regarding the design, construction, installation and operation of the DWS.

4) Release - EPA and DNR. After NPI has made all payments provided for in this MOU, District and Town shall provide NPI with a letter confirming the same. Upon NPI notifying the EPA and DNR that all such payments have been made, EPA and DNR shall provide a full written release and discharge to NPI, NDC, and the Army, their officers, directors, employees and representatives from any claim that they must provide or pay for an alternative water supply within the affected area in the Town of Hallie pursuant to the August 1, 1990, ROD.

5) Release - District and Town. Upon full compliance by NPI with the terms of this MOU, the District and Town fully and forever release and discharge NPI, NDC and the Army and their officers, directors, employees and representatives from any and all claims, demands, actions and liability arising from, or may arise from the alleged contamination of all or any part of the water supplies in the geographical area outlined in Attachment A, including, without limitation, any such claims under state or federal statutes or regulations and/or under common law. The District and Town shall also obtain and provide to NPI, NDC and the Army, individual releases from each property owner/tenant in the geographical area outlined in Attachment A in a form acceptable to NPI, NDC and the Army.

6) Commencement of Construction. No construction shall commence on the DWS until

- a) design of the DWS for the affected area as outlined in Attachment A has been approved by DNR,
- b) EPA has authorized the starting of construction in accordance with the approved design, and
- c) EPA and DNR have certified that the design and construction plans will effectuate the remedial action set forth in the August 1, 1990, ROD.

7) Dispute Resolution. In the event NPI and the District disagree on whether:

- a) a particular cost falls into the covered or uncovered cost category provided for in this MOU, and/or
- b) the amount of a particular cost within a covered cost category covered by this MOU is reasonable and necessary,

then, upon written request of either party, the matter shall be submitted to \_\_\_\_\_ ("Arbitrator") for a determination of the dispute. The

Arbitrator shall have no authority to go beyond the interpretation and meaning of this MOU or the obligations of the parties under this MOU, and shall not have any power to add to, subtract from, or modify in any way, the specific terms of this MOU. Each party shall bear the expenses of preparation and presentation of its own case. The cost of the Arbitrator's services and any incidental expenses agreed upon in advance shall be borne equally by the parties.

8) Authority to Execute. Each of the signatories to this MOU hereby acknowledges that the individual or individuals signing this document on its behalf is (are) authorized to sign this MOU and bind the party represented regarding the respective rights and obligations provided for in this MOU.

IN WITNESS WHEREOF, the parties hereto have signed this MOU effective as of the date set forth above.

SANITARY DISTRICT #1

NATIONAL PRESTO INDUSTRIES, INC.

By: \_\_\_\_\_

BY: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

UNITED STATES ENVIRONMENTAL  
PROTECTION AGENCY

TOWN OF HALLIE,  
WISCONSIN

By: \_\_\_\_\_

BY: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

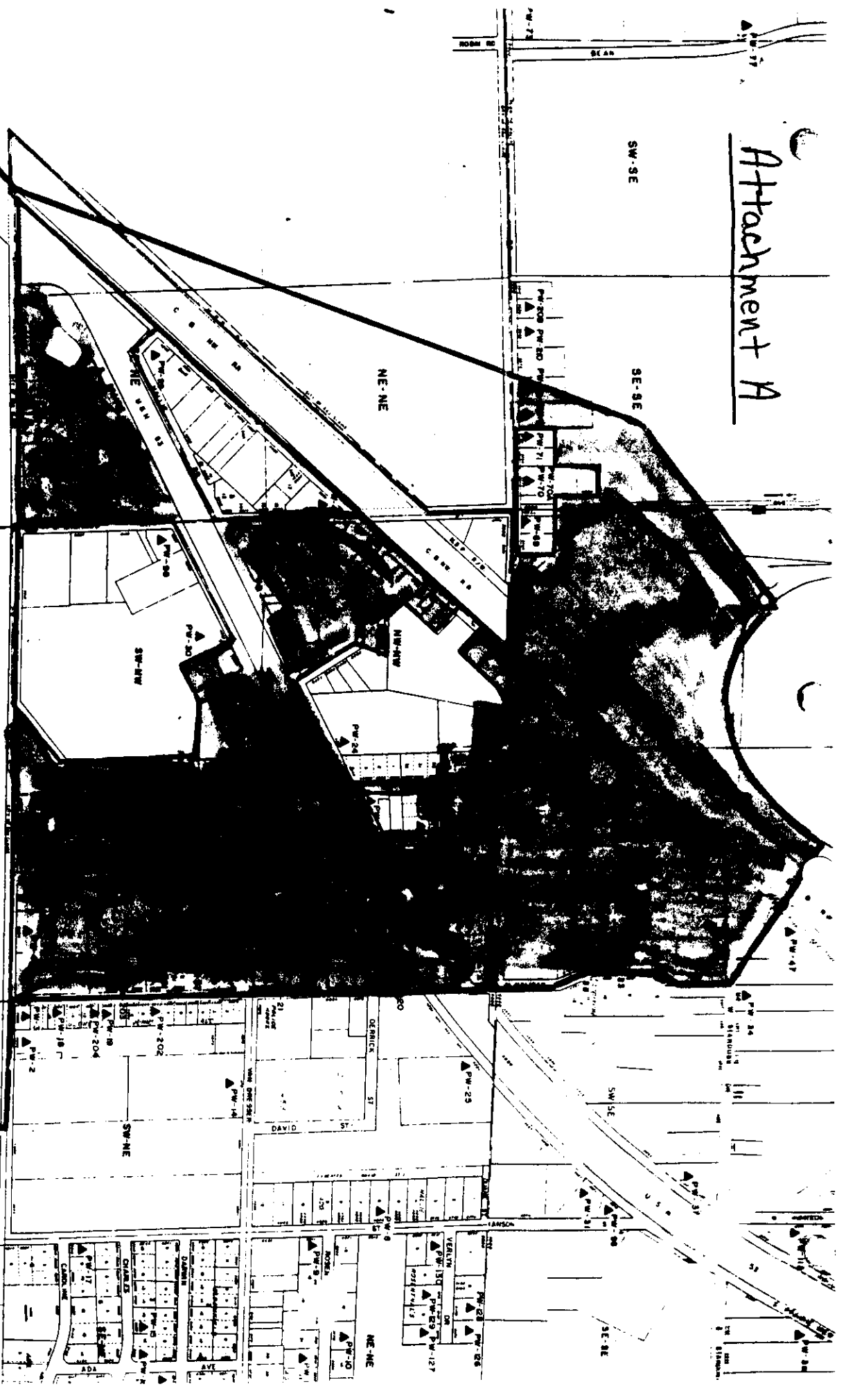
Read and approved by the United States Department of Army

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

# Attachment A



■ = Portion of Affected Area to be served by  
Sanitary District No. 1

□ = Portion of Affected Area to be served by  
City of Eau Claire

Sheet  
75500

ATTACHMENT B

Summary of costs not covered by the MOU based on review of District's proposed system design as submitted to DNR on December 28, 1990 and District's detailed preliminary cost estimate dated January 23, 1991.

Contract #1	\$ 350,155
Contract #3	62,000
Contract #4	10,000
Contract #5	18,000
Contract #6	<u>310,000</u>
Total	\$ 750,155

DETAILED-PRELIMINARY COST ESTIMATE  
 TOWN OF HALLIE  
 SANITARY DISTRICT NO. 1  
 WATER DISTRIBUTION SYSTEM  
 FILE NO. 90097  
 JANUARY 23, 1991

ITEM NO.	ITEM	UNIT	ESTIMATED QUANTITY	UNIT PRICE	TOTAL EST. PRICE
-----					
CONTRACT 1					
1	16" D.I.P. WATERMAIN	L.F.	7900	\$27.50	\$217,250
2	12" D.I.P. WATERMAIN	L.F.	11460	\$20.00	\$229,200
3	8" D.I.P. WATERMAIN	L.F.	25900	\$15.00	\$388,500
4	6" D.I.P. WATERMAIN	L.F.	10970	\$13.00	\$142,610
5	16" BUTTERFLY VALVE W/BOX	EACH	12	\$1,250.00	\$15,000
6	12" BUTTERFLY VALVE W/BOX	EACH	25	\$800.00	\$20,000
7	8" GATE VALVE W/BOX	EACH	50	\$400.00	\$20,000
8	6" GATE VALVE W/BOX	EACH	128	\$300.00	\$38,400
9	FIRE HYDRANT	EACH	98	\$975.00	\$95,550
10	WATERMAIN FITTINGS	LBS. *	25000	\$1.60	\$40,000
11	1" WATER SERVICE, TYPE K	L.F.	6750	\$6.00	\$40,500
12	1" CORPORATION	EACH	230	\$25.00	\$5,750
13	1" CURB STOP AND BOX	EACH	230	\$75.00	\$17,250
14	ROCK EXCAVATION	C.Y.	100	\$50.00	\$5,000
15	CLEARING AND GRUBBING	L.S.	1	\$2,500.00	\$2,500
16	6" CRUSHED AGG. BASE COURSE	S.Y.	28000	\$3.00	\$84,000
17	2" ASPHALTIC SURFACE	TON	3100	\$40.00	\$124,000
18	4" CONCRETE	S.F.	2100	\$3.00	\$6,300
19	TOPSOIL, SEED, FERT. AND MULCH	S.Y.	164800	\$0.70	\$115,360
20	TRAFFIC CONTROL	L.S.	1	\$5,000.00	\$5,000
21	CONCRETE VAULT	L.S.	1	\$1,800.00	\$1,800
22	SPECIAL STRUCTURE NO.1 - 24" CASING PIPE W/12" WATERMAIN	L.F.	135	\$200.00	\$27,000
23	SPECIAL STRUCTURE NO.2 - 24" CASING PIPE W/12" WATERMAIN	L.F.	150	\$200.00	\$30,000
					=====
SUBTOTAL					\$1,670,970
* DUCTILE IRON WEIGHTS					
CONTRACT 2					
1	1" WATER SERVICE, TYPE K	L.F.	18270	\$6.00	\$109,620
2	CONNECT TO INTERIOR WATER SYSTEM	EACH	215	\$280.00	\$60,200
3	6" CRUSHED AGG. BASE COURSE	S.Y.	3200	\$3.00	\$9,600
4	2" ASPHALTIC SURFACE	TON	300	\$40.00	\$12,000
5	4" CONCRETE	S.F.	7400	\$3.00	\$22,200
6	TOPSOIL, SEED, FERT. AND MULCH	S.Y.	48400	\$0.70	\$33,880
					=====
SUBTOTAL					\$247,500

DETAILED-PRELIMINARY COST ESTIMATE  
 TOWN OF HALLIE  
 SANITARY DISTRICT NO. 1  
 WATER DISTRIBUTION SYSTEM  
 FILE NO. 90097  
 JANUARY 23, 1991

ITEM NO.	ITEM	UNIT	ESTIMATED QUANTITY	UNIT PRICE	TOTAL EST. PRICE
CONTRACT 3					
1	400,000 GAL. TANK	L.S.	1	\$205,000	\$205,000
2	ACCESS ROAD AND RESERVOIR SITE GRADING	L.S.	1	\$87,000	\$87,000
3	12" CMP CULVERT	L.F.	30	\$15	\$450
4	24" CPM CULVERT	L.F.	50	\$18	\$900
5	12" CPM APRON	EACH	2	\$100	\$200
6	24" CPM APRON	EACH	2	\$120	\$240
				SUBTOTAL	\$293,790
CONTRACT 4					
1	WELL	L.S.	1	60000	\$60,000
				SUBTOTAL	\$60,000
CONTRACT 5					
1	PUMPHOUSE	L.S.	1	82000	\$82,000
				SUBTOTAL	\$82,000
CONTRACT 6					
1	SAN. DIST. NO. 1 MAINT. SHOP	L.S.	1	310000	\$310,000
				SUBTOTAL	\$310,000
				TOTAL	\$2,664,260
				5% CONTINGENCIES	\$133,240
				ESTIMATED PROJECT TOTAL	\$2,797,500

## Final tally of Hallie water at \$2.7 million

By BARBARA SHAY  
H-T Staff Writer

HALLIE — Engineers figure it will cost \$2.7 million to build the new Hallie Sanitary District.

The costs should be covered by the U.S. Army according to its September agreement with the federal Environmental Protection Agency, according to Sanitary District Chairman David Meier.

The construction project, which is expected to begin this spring with a completion date set for October 1991, is on schedule, the engineers told the water district board Monday night. The engineers said they expect to let bids Feb. 15 as planned.

The total costs for the project include:

- Water mains and service from the main to the property line with curb-stop and box — \$1.7 million.
- Water service, connecting the main and curb-stop and box to the residence, meter and

providing abandonment of the contaminated well — \$247,000.

- Reservoir — \$293,790.
- Construction of well — \$60,000.
- Pumphouse construction and electrical service — \$99,300.
- Maintenance building — \$310,000.

"These are all expenses definitely taken care of by Presto?" Meier questioned the engineer.

"Yes," the engineer replied. "These are all the costs we'll be presenting to Presto for payment."

Presto is acting on behalf of the Army in implementing the water district. The Army had a contract with Presto to manufacture artillery shells at the site. Waste from the production process is being blamed for contaminating ground water in the area known as the Hallie triangle.

### Other business

In other business, the board approved a

resolution, required by the state Department of Natural Resources, mandating that wells within the sanitary district be abandoned.

"At such time as water service is provided (on) premises, all wells thereon shall be abandoned..." the resolution states. "Well abandonment means the filling and sealing of the well..."

According to Town Attorney David Raihle, wells must be filled with cement and sealed. The procedure, in accordance with DNR regulations, must be observed by sanitary district personnel.

The resolution also calls for a sanitary district manager be appointed to coordinate and direct all administrative and management functions of the district.

The district has been accepting applications for the manager position, but so far has not received very many.