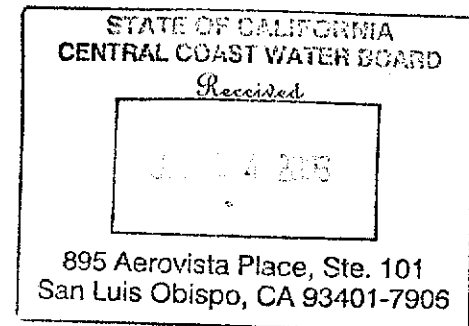




July 19, 2006

Jeffrey S. Young
Chair
California Regional Water Quality
Control Board
Central Coast Region
895 Aerovista Place, Suite 101
San Luis Obispo, CA 93401-7906



Dear Mr. Young and Members of the Board:

As we discussed at your Board meeting in San Luis Obispo on May 12, 2006, Morgan Hill urges you to adopt a Clean Up and Abatement Order addressing that portion of Olin's perchlorate plume that lies north of Tenant Avenue. We appreciated the extra time you provided to share our frustrations, and we sincerely appreciate your interest and concern in addressing the needs of our 37,000 water customers.

Based on your direction at that meeting, we are anticipating a fuller discussion in September of the appropriate clean up levels, and assignment of responsibility to Olin. Additional data was anticipated to be available: first, the results of quarterly monitoring of wells north of Tennant Avenue, and second, the submittal of Olin's Clean Up Feasibility Study for the portion of the plume that lies south of Tennant Avenue.

We intend to comment more fully on both Olin submittals and will give you a written report prior to the meeting.

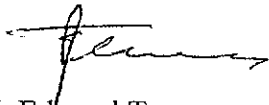
However, we wanted to advise you right away that Olin's approach to clean up south of Tennant Avenue causes us great concern about their willingness to come into compliance with the State's non degradation policy. Olin has done no scientific analysis of the background levels of perchlorate that may or may not have existed in the groundwater prior to Olin's actions to contaminate the basin. For purposes of their report, they have "assumed" that any perchlorate below 4 ppb is the responsibility of someone else. For purposes of their report, they have proposed a clean up level of 6 ppb, leaving tons of Olin's perchlorate in the groundwater basin from which our residents draw their municipal water supply.

Item No. 4 Attachment No. 5
September 7-8, 2006 Meeting
Perchlorate Cases

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Olin's approach must be rejected. We urge the Board to require Olin to establish the background levels of perchlorate and to clean up to THAT level as required by law. Olin may choose the most cost effective method of compliance and the Board can allow flexibility in the schedule, but Olin cannot avoid compliance by moving the goal post.

Sincerely,



J. Edward Tewes
City Manager

c: Mayor and City Council
Roger Briggs, Executive Officer, RWQCB
Honorable Abel Maldonado
Honorable John Laird