

SACRAMENTO Business Journal

October 18, 2002

Talks set in Aerojet clean-up dispute

Officials will meet with a mediator Nov. 4 to work on a long-running dispute over who must pay costs to address water contamination that has moved from the Aerojet property in Rancho Cordova and into groundwater beneath Mather Field.

The dispute, between the Aerojet-General Corp. unit of GenCorp Inc. and the McDonnell Douglas Corp. unit of Boeing Corp., has roots dating back to the 1950s. Aerojet leased part of its facility to Douglas Aircraft for rocket assembly and testing from 1957 to 1961, then sold some 3,800 acres including the previously leased land to Douglas in 1961. Aerojet bought the property back in 1984 from the successor company, McDonnell Douglas.

That made both companies potentially responsible for the costs of groundwater contamination at and related to the property, known as the Inactive Rancho Cordova Test Sites. The companies agreed to split the costs of investigation and cleanup of the perchlorate contamination, but "still do not agree on the allocation of costs required to address off-site contamination located on the adjacent Mather facility," according to a regulatory document filed this week with the U.S. Securities and Exchange Commission.

The report said McDonnell Douglas has agreed it is liable and now responsible for half the cost of clean-up, but that the companies are unable to agree on how much of the remaining 50 percent of anticipated costs must be covered by Aerojet.

Groundwater cleanup has cost well in excess of \$100 million.

© 2002 American City Business Journals Inc.

All contents of this site © American City Business Journals Inc. All rights reserved.