Exhibit 1

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May [redacted]

CONFIDENTIAL SETTLEMENT COMMUNICATION

Via -Email
Diane G. Kindermann
Abbott & Kindermann, LLP
2100 Twenty-First Street
Sacramento, CA 95818

Re: *California Sportfishing Protection Alliance v.* [redacted] *et al.*; USDC, E.D. Cal., Case No. 2:10-cv-[redacted]; Proposed Outline of Terms for Consent Agreement.

Dear Diane:

Thank you for taking the time to review the [redacted] facility ("Facility") with me and John Lane of Chico Environmental on April 29th. The purpose of this letter is to provide [redacted] ("[redacted]") a framework for a settlement, in the form of a consent agreement, of the above-referenced matter.

Our objective is to focus on water quality now, by reaching agreement on the most basic measures that CSPA believes will improve storm water management practices at the Facility, and then to provide a draft consent agreement embodying those terms, as well as the more legalistic details, and CSPA's monetary demand, for your consideration. Based on your representations concerning your familiarity with CSPA's statewide storm water enforcement program, I have not covered certain settlement issues -- for example, the mechanics of CSPA's typical consent agreements, including provisions for Action Plans, mitigation assessments and compliance funding. I trust that you will be able to inform your client on these matters at this juncture and in more detail when we provide a draft consent agreement.

In the interest of promoting this settlement dialogue, CSPA has agreed to continue to defer service of the Summons and Complaint until the last date allowable under the Court's May 3rd Order Requiring Joint Status Report, which is one hundred and twenty days after the filing of the action, or August 31, 2010. I have attached for your file courtesy copies of the Complaint and Summons filed on May 3, 2010, as well as the other initial service documents. As a further gesture of good faith and to allow the parties to focus on a resolution, CSPA proposes to deem these papers served on both Defendants effective August 31, 2010. Please advise our office as to whether both Defendants will agree to this service arrangement.

The proposal set forth below is based on observations from the April 29th site inspection, as well as copies of certain documents filed with the Regional Water Quality Control Board (for the most part, Annual Reports and sampling data); of course, if you believe any of the facts are inaccurate, I hope you will inform us promptly. We have not undertaken a line-by-line critique of the Facility's current Storm Water Pollution Prevention Plan ("SWPPP"), and instead have chosen to focus on specific Best Management Practices ("BMPs") that might achieve the BAT and BCT standards required under the General Permit and the Clean Water Act.

We anticipate that a number of items will likely need some refinement in the details, perhaps through further discussions between our respective consultants. It is not CSPA's intention to micromanage every detail or dictate the make and model of every last filter cartridge; rather, we would hope to provide dischargers with a range of options that we believe, based on our experience, when employed in combination with existing practices, will meaningfully and cost effectively reduce pollutant discharges. CSPA appreciates [redacted]'s consideration of these measures and looks forward to having an informed dialogue consistent with the iterative process embodied in the General Permit itself.

Overview of Principal Storm Water Issues at the Facility

Principle Storm Water Management Issues. In CSPA's view, [redacted] needs to: (1) improve the Facility's structural control measures; (2) improve the Facility's treatment control measures (e.g., the size of the wash water evaporation pond area); and, (3) improve the Facility's source control measures (e.g., covering metal in stockpile areas). Before turning to these, we first address sampling protocols and site configuration.

In terms of gathering sampling data to assess BMP effectiveness, the most important issue [redacted] must address is the location of its storm water discharge sampling point or points. Currently, the Facility's sole sampling point (as pictured in Photo 5 on the attached sheet of site inspection photos) is well off-site and in fact on adjacent property, far removed from the two points where the Facility's storm water actually crosses the property line. To wit, the Facility's storm water drainage system actually discharges storm water from the property at two points along the Facility's southern border where the storm drain system intersects with an off-site pipe ("the southern pipe"). These two points along the Facility's southern border are approximately 300 and 540 feet, respectively, from the current sampling point.

This is problematic primarily for three reasons. First, as the Facility's storm water drainage system is currently configured, it appears physically impossible to sample discharges of storm water at the point where it actually discharges from the Facility as required by the Act and the General Permit. Second, based on comments of [redacted] personnel present during the April 29th site visit, CSPA believes that the southern pipe routinely conveys non-storm water from other non-Facility-based sources (e.g., groundwater) to the sampling point and that this non-storm water from non-Facility-based sources improperly dilutes and thereby renders the Facility's storm water sampling non-representative. Finally, based on comments of [redacted] personnel present during the April 29th site visit, CSPA believes that the sampling point itself

receives non-storm water from non-Facility-based sources (e.g., groundwater) and that this non-storm water improperly dilutes and thereby invalidates the Facility's storm water sampling. CSPA recommends re-designing the Facility's storm water drainage system and the location of the Facility's sampling point(s) in a manner that adequately addresses these concerns, and is willing to work with you so that more representative samples may be collected at the Facility in a cost-effective manner.

Pollutant concentrations in the Facility's storm water discharges could also be reduced by improving its storm water treatment control measures. CSPA notes that the Facility currently employs a variety of treatment control measures such as media filters, sediment traps, oil/water separators, a wash water collection/settling structure, and a wash water evaporation pond. While such treatment control measures have the potential to effectively reduce and/or eliminate pollutants from a facility's storm water discharges, achieving that potential reduction or elimination is not a foregone conclusion. Here, notwithstanding the Facility's implementation of such measures, they do not appear to be adequately reducing pollutants in the Facility's storm water discharges. CSPA recommends that [redacted] assess whether the Facility's treatment control measures have been and are currently being operated and maintained according to manufacturer recommendations. If so, additional or more effective filtration may be necessary to reduce pollutant concentrations to below the EPA's Multi-sector General Permit Benchmark levels.

For example, one critical piece of the Facility's matrix of treatment control measures is its wash water evaporation pond area. This pond should be adequately sized so that it overflows only under extreme weather events. CSPA recommends re-calculating the amount of pond storage capacity and retention time necessary to achieve this "no overflow" goal and then re-engineering the pond accordingly. The following website provides sizing and maintenance guidelines for exactly this type of water retention feature: http://www.cabmphandbooks.com/Industrial.asp. Further, CSPA recommends that [redacted] increase the frequency of maintenance for the wash water evaporation pond. Finally, in the event that [redacted] decides to re-engineer the size of the wash water evaporation pond, CSPA recommends slightly re-locating the pond's borders in a manner that moves it away from the border with the adjacent property; or, re-engineering the northern side of the pond in a manner that precludes the possibility of any of the pond's contents overflowing into the property to the north of the northern property line.

Source control measures – those that reduce or prevent storm water falling on the Facility from becoming contaminated in the first instance – could also be used to compliment treatment control measures. The most significant of these would be: (1) improved housekeeping practices (e.g., increased frequency of sweeping and sweeping away from drains); (2) installing vacuums, water misters and shades as necessary to minimize the amount of fugitive dust; and, (3) covering all metal materials in stockpile areas to prevent contact with storm water. CSPA commends to [redacted]'s attention the following guidance on source control BMPs (especially SC-11): http://www.cabmphandbooks.com/Documents/Industrial/SC-11.pdf.

CSPA believes there are several ways [redacted] could improve its housekeeping practices that may significantly reduce pollutant concentrations in the Facility's storm water discharges. First, [redacted] should place spill kits throughout the Facility. While spill kit materials including absorbent and spill retrieval products were observed to be stored in the loft of the Maintenance Building (see Photo 3, attached), no spill kits were observed during the site visit. As part of enhanced spill response, employee training should also be improved. Second, while [redacted] currently endeavors to sweep up the dust resulting from its industrial activities, CSPA believes further source control measures should be implemented to ensure adequate reduction of pollutants. In this regard, CSPA recommends that [redacted] consider implementing some – and preferably all -- of the following source control measures: (1) install shades across the open bays to prevent metal cutting or grinding debris from becoming fugitive dust; (2) install vacuums in buildings and/or open bays to prevent metal cutting or grinding debris from becoming fugitive dust; (3) use water misters[1] in conjunction with the Facility's conveyor belts to suppress dust that might otherwise contribute to high concentrations of pH; and, (4) install vacuums in production areas to suppress dust that might otherwise contribute to high concentrations of pH.

Specific Facility Areas Of Concern. Certain portions of the Facility appear to be more likely to contribute pollutants than others, based on their respective uses, the materials processed and generated in those areas, etc. We see the following areas as falling in this category:

(a) Open Bay Warehouse Buildings/Metal workshops (see Photo 1). [redacted]'s industrial activity in these structures generates significant amounts of dust – dust that often contains metals such as iron. [redacted] personnel indicated during the site visit that they currently try to sweep up dust produced in these areas on an ad hoc basis. As discussed above, [redacted] may further reduce pollutant concentrations in its storm water by employing various additional source control measures such as regenerative sweepers, vacuums, water misters and shades;

(b) The Wash Water Evaporation Pond (see Photo 6). Discussed above;

(c) The Sampling Point (see Photo 5). Discussed above; and,

(d) Stockpile Areas (see Photo 4). The northeastern portion of the Facility and the leased land directly east of the Facility and its sampling point are devoted to storage of, among other things, iron forms which might at some point in the future be used again to create precast concrete products. These areas need to be covered (preferably with bunkers) to prevent metal materials from being exposed to, and ultimately carried away in, storm water.

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[1] Such mist waters would constitute non-storm water under the General Permit, the discharge of which is prohibited. Therefore, any misters would need to be properly located and sized to minimize the amount of water used, and any waters used would need to be segregated and managed in a way so as to completely eliminate their discharge (perhaps through evaporation or infiltration, as site conditions may allow).

Storm Water Pollution Prevention Plan (SWPPP). The Facility SWPPP appears to be outdated (6/29/07) and insufficient. [redacted] needs to amend the SWPPP, most especially the site map appended thereto, to better facilitate the monitoring of the Facility's storm water. For example, the SWPPP map needs to be revised to include flow vector information for the Facility. CSPA recommends creating monitoring inspection and checklist forms as appendices to the SWPPP. Further, CSPA recommends updating the SWPPP to reflect current site conditions by including a more detailed description of currently employed BMPs and a more detailed discussion of the monitoring, training and sampling regimen currently adhered to by [redacted] personnel. Additionally, the SWPPP needs to be more closely followed and actually implemented, perhaps with enhanced employee training on the eve of the Wet Season each year.

Increased Frequency of Sampling/Additional Pollutant Parameters. CSPA believes [redacted] should conduct additional sampling of its storm water discharges, beyond the two mandated samples per season, to better evaluate the effectiveness of BMPs employed, consistent with the approach reflected in the Genera Permit. Further, in addition to currently tested parameters, based on its experience enforcing the Clean Water Act and General Permit against similar facilities, CSPA is proposing that [redacted] sample and test for Total Petroleum Hydrocarbons, Sulfates, Chlorides, Alkalinity, Total Dissolved Solids, and Nitrate+Nitrite in its storm water discharges.

Given CSPA's objective of reaching an agreement on BMP improvements such that they may be fully implemented in advance of the next Wet Season (October 1st), CSPA sees time as of the essence and expects to fully resolve the case in the next sixty days or so, such that no responsive pleading will be required of your client. Accordingly, and in the event that you and your client are inclined to agree that the approaches outlined above are workable, we would like to provide you with a draft consent agreement setting forth these terms, as well as the more legalistic details, and CSPA's monetary demand, for your further consideration.

Thank you again for your time and consideration. Please do not hesitate to contact me if you have any questions or would like to discuss this matter further.

Very Truly Yours,

Erik M. Roper
Attorneys for Plaintiff
California Sportfishing Protection Alliance

cc: Bill Jennings, Executive Director, CSPA
Robert Tuerck, Esq.