

ITEM: 10

SUBJECT: Musco Family Olive Company and the Studley Company, Wastewater Treatment and Land Disposal Facility, San Joaquin County

BOARD ACTION: *Consideration of Revised Waste Discharge Requirements*

BACKGROUND: Musco Family Olive Company owns and operates an olive processing facility that processes approximately one-half of the state's total table olive crop near Tracy. The facility processes olives year round and generates wastewater with high organic strength and high salinity. Olive processing involves storage of fresh olives in acetic acid solution, curing in sodium hydroxide (lye), pitting, and canning in a brine solution. Process wastewater is discharged to land at the site and is regulated under two separate WDRs:

- a. WDRs Order No. R5-2005-0024 is a Title 27 permit that regulates two Class II surface impoundments used to store and evaporate concentrated brines.
- b. WDRs Order No. R5-2002-0148 regulates the treatment, storage, and land application of other wastewater to approximately 160 acres of land application areas which are planted with a salt-loving forage crop. The proposed WDRs update Order No. R5-2002-0148.

Beginning in 1999, the Discharger had serious violations of its WDRs that lead to various enforcement orders, including two administrative civil liability complaints totaling \$643,500, which the Discharger has paid.

The Discharger has complied with the most recent enforcement orders (a Cease and Desist Order and an ACL and Penalty Order). The Discharger has completed several technical studies and made several facility and operational changes to eliminate the threat to water quality posed by the discharge of non-designated waste. The proposed WDRs reflect the outcome of those studies and improvements.

ISSUES: The Discharger, California Sportfishing Protection Alliance (CSPA), and the California League of Food Processors (CLFP) submitted comments regarding the tentative WDRs. Some changes have been made to the proposed WDRs to address the comments. The major outstanding issues are summarized below. Additional detail is provided in staff's Response to Comments.

Discharger Comments:

Flow Limits:

The Discharger requested that the flow limits be increased to an

average of 1.0 million gallons per day during the months of September through November. However, the Discharger's water balance does not show that the facility has adequate storage and disposal capacity to accommodate the higher flows.

Financial Assurance for Site Closure:

The Discharger requests an additional two years to begin funding financial assurance for site closure. Closure costs will be significant, and the proposed WDRs allow ten years to fully fund the financial assurance mechanism. Financial assurance was agreed to during settlement of a civil liability complaint in 2007 and Musco would have been required to establish the financial assurance mechanism before now if staff had reviewed the closure plan earlier. Staff does not recommend granting the requested extension, but has prepared alternative findings and provisions for the Board's consideration (Attachment A of the Response to Comments).

Sludge Management:

The Discharger believes there is no reason to require periodic evaluation of sludge accumulation in the wastewater treatment/storage reservoir or sludge removal when the accumulated volume exceeds two percent of the permitted storage capacity. This requirement was revised to allow up sludge accumulation up to five percent of the pond volume and the frequency of sludge volume assessment was reduced to address the comment.

CSPA Comments:

Title 27 Exemption:

CSPA states that the discharge cannot be exempted from Title 27 because it is not in compliance with the Basin Plan, which includes water quality objectives for groundwater. Based on a thorough evaluation of the site hydrogeology and other site-specific conditions, staff has concluded that with the possible exception of nitrate, although the discharge has caused some degradation, it has not, and will not, cause exceedance of a water quality objective. The proposed WDRs require additional measures to ensure compliance with nitrate objectives.

Antidegradation Policy:

CSPA believes that the proposed WDRs do not comply with the Antidegradation Policy (Resolution 68-16). Musco did not comply with previous WDRs and enforcement orders. However, the Discharger has recently come into compliance, made significant expenditures to improve discharge operations, and made significant improvements in the character of the discharge and operations. Based on all of the facts, staff has determined that the discharge currently complies with the Antidegradation Policy provided that Musco demonstrates compliance with nitrate objectives. If the facility

continues to be managed in accordance with Musco's current practices, and any additional measures necessary to comply with nitrate objectives, it will continue to comply with that policy.

Background Groundwater Quality:

The proposed WDRs do not determine background groundwater quality or establish protective effluent limitations despite adequate data to do so. Staff believes that it is not appropriate to compare groundwater quality of upgradient wells to the quality of groundwater in downgradient wells because of the complex hydrogeology of the site. Based on the determination that the discharge has not exceed a Basin Plan water quality objective and that some degradation some be allowed, the proposed WDRs allow no waste constituent increases in any well beyond those that have already occurred.

RECOMMENDATION: Staff recommends Board adoption of the revised WDRs.

Mgmt. Review \_\_\_\_\_

Legal Review \_\_\_\_\_

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