

**Attachment A**  
**ACL Complaint No. R5 –2011- 0543**  
**Specific Factors Considered – Civil Liability**  
**JAB Dairy (Complaint)**

Each factor of the Enforcement Policy and its corresponding score for each violation are presented below:

- 1. Violation No. 1 (Failure to submit 2008 Annual Report):** In accordance with Waste Discharge Requirements General Order for Existing Milk Cow Dairies, Order R5-2007-0035, an Annual Report must be submitted for regulated facilities by 1 July 2009. To date, Barry, Arnold, and Clare Van Leeuwen (Dischargers) have not submitted this report for the JAB Dairy.

**Calculation of Penalty for Failure to Submit 2008 Annual Report**

**Step1. Potential for Harm for Discharge Violations**

This step is not applicable because the violation is a not a discharge violation.

**Step 2. Assessment for Discharge Violations**

This step is not applicable because the violation is a not a discharge violation.

**Step 3. Per Day Assessment for Non-Discharge Violations**

The per day factor is 0.30.

This factor is determined by a matrix analysis using the potential for harm and the deviation from requirements. The potential for harm was determined to be minor due to the following: the failure to submit the 2008 Annual Report did not increase the amount of pollution discharged or threatened to be discharged into Waters of the State. The deviation from requirements was determined to be major, as the requirement to submit technical reports has been rendered ineffective. The failure to submit the required technical reports undermines the Regional Board's efforts to prevent water quality degradation and implement the regulatory protection measures detailed in the 2007 General Order.

**Initial Liability**

A failure to submit annual reports is punishable under CWC 13268(b)(1) by civil liability in an amount which shall not exceed one thousand dollars (\$1,000) for each day in which the violation occurs. The Dischargers failed to submit an annual report for 2008 on July 1, 2009 as required by the General Order and the MRP, which is now 673 days late.

However, the alternative approach for calculating liability for multiday violations in the Enforcement Policy is applicable. The failure to submit required technical reports does not cause a daily detrimental impact to the environment or the regulatory program and it

does not result in an economic benefit that can be measured on a daily basis. It is the extended time period of non-compliance that causes the detrimental impact to both the environment and the regulatory program. Furthermore, the Dischargers only receives an economic benefit by not submitting the required technical reports, and not a per-day benefit during the entire period of violation.

Applying the per-day factor to the adjusted number of days of violation rounded to the nearest full day equals 28 days of violation. A calculation of initial liability totals \$ 8,400 (0.3 per day factor X 28 adjusted days of violation X \$1000 per day penalty).

#### **Step 4. Adjustment Factors**

a) *Culpability: 1*

*Discussion:* The Dischargers were given the neutral score of 1, which neither increases nor decreases the fine.

The Dischargers are fully responsible for failure to submit annual reports alleged in this Complaint. The requirement to submit an Annual Report and associated documents were detailed in the 2007 General Order. Further, the Dischargers were issued a Notice of Violation on 27 July 2009, which requested that the report be submitted as soon as possible to minimize liability. Since that time, the Dischargers have failed to submit the 2008 annual report or any of the associated documents, and are therefore highly culpable for their failure to comply with the program.

b) *Cleanup and Cooperation: 1*

*Discussion:* The Dischargers was given the neutral score of 1, which neither increases nor decreases the fine. Despite the fact that the Dischargers received multiple notices regarding the requirements set forth in the General Order, including notice through the General Order and an NOV, the Dischargers continue to fail to comply. The violation of CWC section 13268(a), alleged herein, is a non-discharge violation, and thus cleanup is not applicable.

c) *History of Violations: 1*

*Discussion:* The Dischargers were given the score of 1 which neither increases nor decreases the fine. However, in addition to the failure to file technical reports, additional operation-related issues are currently being investigated.

#### **Step 5. Determination of Total Base Liability Amount**

The Total Base Liability is determined by applying the adjustment factors from Step 4 to the Initial Liability Amount determined in Step 3.

a) *Total Base Liability Amount: \$8,400* (Initial Liability (\$8,400) x Adjustments (1)(1)(1)).

**Steps 6 through 10 Are Applied to the Combined Total Base Liability Amount for All Violations and Will be Discussed After the Total Base Liability Amounts Have Been Determined for the Remaining Violations.**

- 2. Violation No. 2 (Failure to submit 2009 Annual Report):** In accordance with Waste Discharge Requirements General Order for Existing Milk Cow Dairies, Order R5-2007-0035, a 2009 Annual Report must be submitted for regulated facilities by 1 July 2010. To date, Dischargers have not submitted this report.

### **Calculation of Penalty for Failure to Submit 2009 Annual Report**

#### **Step 1. Potential for Harm for Discharge Violations**

This step is not applicable because the violation is a not a discharge violation.

#### **Step 2. Assessment for Discharge Violations**

This step is not applicable because the violation is a not a discharge violation.

#### **Step 3. Per Day Assessment for Non-Discharge Violations**

The per day factor is 0.30.

This factor is determined by a matrix analysis using the potential for harm and the deviation from requirements. The potential for harm was determined to be minor due to the following: The failure to submit the 2009 Annual Report did not increase the amount of pollution discharged or threatened to discharge into Waters of the State. The deviation from requirements was determined to be major, as the requirement to submit technical reports has been rendered ineffective. The failure to submit the required technical reports undermines the Regional Board's efforts to prevent water quality degradation and implement the regulatory protection measures detailed in the 2007 General Order.

#### **Initial Liability**

A failure to submit annual reports is punishable under CWC 13268(a)(1) by civil liability in an amount which shall not exceed one thousand dollars (\$1,000) for each day in which the violation occurs. The Dischargers failed to submit an Annual Report for 2009 on July 1, 2010 as required by the General Order and the MRP, which is now 308 days late.

However, the alternative approach for calculating liability for multiday violations in the Enforcement Policy is applicable. The failure to submit required technical reports does not cause a daily detrimental impact to the environment or the regulatory program and it does not result in an economic benefit that can be measured on a daily basis. It is the extended time period of non-compliance that causes the detrimental impact to both the environment and the regulatory program. Furthermore, the Dischargers only receive an economic benefit by not submitting the required technical reports, and not a per-day benefit during the entire period of violation.

Applying the per-day factor to the adjusted number of days of violation rounded to the nearest full day equals 14 days of violation. A calculation of initial liability totals \$4,800 (0.3 per day factor X 16 adjusted days of violation X \$1000 per day penalty).

#### **Step 4. Adjustment Factors**

a) *Culpability: 1*

*Discussion:* The Dischargers were given the neutral score of 1, which neither increases nor decreases the fine.

The Dischargers are fully responsible for failure to submit annual reports alleged in this Complaint. The requirement to submit an Annual Report and associated documents were detailed in the 2007 General Order. The Dischargers were issued a Notice of Violation on 2 September 2010, which requested that the 2009 annual Report be submitted as soon as possible to minimize liability. Since that time, the Dischargers have failed to submit the 2009 Annual Report or any of the associated documents, and are therefore highly culpable for their failure to comply with the program.

b) *Cleanup and Cooperation: 1*

*Discussion:* The Dischargers was given the neutral score of 1, which neither increases nor decreases the fine. Despite the fact that the Dischargers received multiple notices regarding the requirements set forth in the General Order, the Dischargers continue to fail to comply. The violation of CWC section 13268(a), alleged herein, is a non-discharge violation, and thus cleanup is not applicable.

c) *History of Violations: 1*

*Discussion:* The Dischargers were given the score of 1 which neither increases nor decreases the fine. However, in addition to the failure to file technical reports, additional operation-related issues are currently being investigated.

#### **Step 5. Determination of Total Base Liability Amount**

The Total Base Liability is determined by applying the adjustment factors from Step 4 to the Initial Liability Amount determined in Step 3.

a) *Total Base Liability Amount: \$4,800* (Initial Liability (\$4,800) x Adjustments (1)(1)(1)).

**Steps 6 through 10 Are Applied to the Combined Total Base Liability Amount for All Violations and Will be Discussed After the Total Base Liability Amounts Have Been Determined for the Remaining Violations.**

3. **Violation No. 3 (Failure to submit a Waste Management Plan):** In accordance with Waste Discharge Requirements General Order for Existing Milk Cow Dairies, Order R5-

2007-0035, and amended Order R5-2009-0029, a Waste Management Plan for regulated facilities must be submitted by 1 July 2010. To date, the Dischargers have not submitted this Plan.

### **Calculation of Penalty for Failure to Submit a Waste Management Plan**

#### **Step 1. Potential for Harm for Discharge Violations**

This step is not applicable because the violation is a not a discharge violation.

#### **Step 2. Assessment for Discharge Violations**

This step is not applicable because the violation is a not a discharge violation.

#### **Step 3. Per Day Assessment for Non-Discharge Violations**

The per day factor is 0.30.

This factor is determined by a matrix analysis using the potential for harm and the deviation from requirements. The potential for harm was determined to be minor due to the following: The failure to develop and submit a Waste Management Plan does not itself threaten water quality. The deviation from requirements was determined to be major, as the requirement to develop a Waste Management Plan for the operational portions of the dairy facility has been rendered ineffective. The failure to submit the required management plans undermines the Regional Board's efforts to prevent water quality degradation and implement the regulatory protection measures detailed in the 2007 General Order.

#### **Initial Liability**

A failure to submit a Waste Management Plan is punishable under CWC 13268(b)(1) by civil liability in an amount which shall not exceed one thousand dollars (\$1,000) for each day in which the violation occurs. The Dischargers failed to submit a Waste Management Plan by the July 1, 2010 deadline as required by the General Order and the MRP. It is now 308 days late.

The alternative approach for calculating liability for multiday violations in the Enforcement Policy is applicable. The failure to submit a Waste Management Plan addressing the management of waste in the production area does not cause a daily detrimental impact to the environment or the regulatory program and it does not result in an economic benefit that can be measured on a daily basis. It is the extended time period of non-compliance that causes the detrimental impact to both the environment and the regulatory program. The Dischargers receive a single economic benefit in cost saved in not developing the report, and not a per-day benefit during the entire period of violation.

Applying the per day factor to the adjusted number of days of violation rounded to the nearest full day equals 16 days of violation. This yields an initial liability of \$ 4,800 (0.3 per day factor X 16 adjusted days of violation X \$1000 per day penalty).

#### **Step 4. Adjustment Factors**

a) *Culpability: 1*

*Discussion:* The Dischargers were given the neutral score of 1, which neither increases nor decreases the fine.

The Dischargers are fully responsible for failure to submit a Waste Management Plan alleged in this Complaint. The requirement to develop and submit a Waste Management Plan was detailed in the 2007 General Order. Further, the amended Order gave Dischargers an extra calendar year to develop and submit the Plan. Dischargers were issued a Notice of Violation on 2 September 2010, which requested that the Plan be submitted as soon as possible to minimize liability. Since that time, the Dischargers have failed to show any progress toward developing a Plan, and are therefore highly culpable for their failure to comply with the program.

b) *Cleanup and Cooperation: 1*

*Discussion:* The Dischargers were given the neutral score of 1, which neither increases nor decreases the fine. Despite the fact that the Dischargers received multiple notices regarding the requirements set forth in the General Order, the Dischargers continue to fail to comply. The violation of CWC section 13268, alleged herein, is a non-discharge violation, and thus cleanup is not applicable.

c) *History of Violations: 1*

*Discussion:* The Dischargers were given the score of 1 which neither increases nor decreases the fine. However, in addition to the failure to file technical reports, additional operation-related issues are currently being investigated.

## **Step 5. Determination of Total Base Liability Amount**

The Total Base Liability is determined by applying the adjustment factors from Step 4 to the Initial Liability Amount determined in Step 3.

*a. Total Base Liability Amount: \$4,800* (Initial Liability (\$4,800) x Adjustments (1)(1)(1)).

**Steps 6 through 10 Are Applied to the Combined Total Base Liability Amount for All Violations and Will be Discussed After the Total Base Liability Amounts Have Been Determined for the Remaining Violations.**

4. **Violation No.4 (Failure to comply with requirements of 13267 Directive):** On 22 June 2010 the Dischargers were issued a Groundwater Monitoring Directive, issued pursuant to California Water Code Section 13267 (13267 Directive). This Directive was issued because the facility was identified as a dairy where installation of monitoring wells was appropriate because they did not submit a Statement of Completion certifying that a Nutrient Management Plan had been completed. Under the 13267 Directive, the Dischargers were directed to submit a Monitoring Well Installation and Monitoring Plan

(MWISP) by 30 September 2010. To date, the Dischargers have failed to submit a MWISP, which is 217 days past due.

### **Calculation of Penalty for Failure to comply with 13267 Directive**

#### **Step 1. Potential for Harm for Discharge Violations**

This step is not applicable because the violation is a not a discharge violation.

#### **Step 2. Assessment for Discharge Violations**

This step is not applicable because the violation is a not a discharge violation.

#### **Step 3. Per Day Assessment for Non-Discharge Violations**

The per day factor is 0.30.

This factor is determined by a matrix analysis using the potential for harm and the deviation from requirements. The potential for harm was determined to be minor due to the following: The failure to develop and submit a MWISP is not in itself a threat to water quality. The deviation from requirements was determined to be major, as the requirement to develop a MWISP has been rendered ineffective. The failure to conduct additional groundwater monitoring to determine the status of pollution in areas surrounding dairy facilities undermines the Regional Board's efforts to prevent water quality degradation and implement the regulatory protection measures detailed in the 2007 General Order.

#### **Initial Liability**

A failure to submit a MWISP is punishable under CWC 13268(b)(1) by civil liability in an amount which shall not exceed one thousand dollars (\$1,000) for each day in which the violation occurs. The Dischargers failed to submit a MWISP by the 30 September 2010 deadline as required by the 22 June 2010 13267 Directive. It is now 217 days late.

The alternative approach for calculating liability for multiday violations in the Enforcement Policy is applicable. The failure to submit a MWISP does not cause a daily detrimental impact to the environment or the regulatory program and it does not result in an economic benefit that can be measured on a daily basis. It is the extended time period of non-compliance that causes the detrimental impact to both the environment and the regulatory program. The Dischargers receive a single economic benefit in cost saved in not developing the report, and not a per-day benefit during the entire period of violation.

Applying the per day factor to the adjusted number of days of violation rounded to the nearest full day equals 13 days of violation. This yields an initial liability of \$ 3,900 (0.3 per day factor X 13 adjusted days of violation X \$1000 per day penalty).

#### **Step 4. Adjustment Factors**

a) *Culpability: 1*

*Discussion:* The Dischargers were given the neutral score of 1, which neither increases nor decreases the fine.

The Dischargers are fully responsible for failure to submit a MWISP as alleged in this Complaint. The requirement to develop and submit the MWISP was detailed in the 13267 Directive issued to the Dischargers on 22 June 2010. The Dischargers have failed to show any progress toward developing a Plan, and are therefore highly culpable for their failure to comply with the program.

b) *Cleanup and Cooperation: 1*

*Discussion:* The Dischargers were given the neutral score of 1, which neither increases nor decreases the fine. Despite the fact that the Dischargers received notice regarding the requirements to comply with the 13267 Directive, the Dischargers continue to fail to comply. The violation of CWC section 13268, alleged herein, is a non-discharge violation, and thus cleanup is not applicable.

c) *History of Violations: 1*

*Discussion:* The Dischargers were given the score of 1 which neither increases nor decreases the fine. However, in addition to the failure to file technical reports, additional operation-related issues are currently being investigated.

### **Step 5. Determination of Total Base Liability Amount**

The Total Base Liability is determined by applying the adjustment factors from Step 4 to the Initial Liability Amount determined in Step 3.

a. *Total Base Liability Amount: \$3,900* (Initial Liability (\$3,900) x Adjustments (1)(1)(1)).

### **COMBINED TOTAL BASE LIABILITY AND FACTORS APPLIED TO ALL VIOLATIONS**

The Combined Total Base Liability Amount for the four Violations is \$21,900 (\$8,400 + \$4,800 + \$4,800 + \$3,900).

The following factors apply to the combined Total Base Liability Amounts for all of the violations discussed above.

### **Step 6. Ability to Pay and Continue in Business**

a) *Adjusted Combined Total Base Liability Amount: \$21,900*

*Discussion:* The Dischargers have the ability to pay the total base liability amount based on 1) the Dischargers own the dairy, a significant asset, 2) the Dischargers operate a dairy, an ongoing business that generates profits.

Based on the reasons discussed above, an ability to pay factor of 1 has been applied to the Combined Total Base Liability Amount.

#### **Step 7. Other Factors as Justice May Require**

a) *Adjusted Combined Total Base Liability Amount:* \$21,900 + \$1,800 (Staff Costs) = **\$23,700.**

b) *Discussion:* The State and Regional Water Board has incurred \$1,800 in staff costs associated with the investigation and enforcement of the violations alleged herein. This represents approximately 12 hours of staff time devoted to investigating and drafting the complaint at \$150 an hour. In accordance with the Enforcement Policy, this amount is added to the Combined Total Base Liability Amount. A further adjustment of the combined total based liability amount may be made if the Dischargers submit a complete 2008 Annual Report, a complete 2009 Annual Report, a complete Waste Management Plan, and a complete MWISP by 20 June 2011. The amount of the combined total based liability amount may be reduced by \$2000 for each completed report that is submitted to the Central Valley Water Board by 20 June 2011. This reduction in the combined total base liability amount by \$2000 for each completed report accounts for enforcement efficiencies gained by the Dischargers submitting the completed report or reports.

#### **Step 8. Economic Benefit**

a) *Estimated Economic Benefit:* **\$12,500**

*Discussion:* The Dischargers has received an economic benefit from the costs saved in not drafting and preparing the annual report and the Waste Management Plan. This is based on the current consulting costs of producing two annual reports (\$2,500 each), employing a certified engineer to conduct a site inspection and produce a Waste Management Plan (\$5,000), and employing a licensed professional to prepare a MWISP (\$2,500). The adjusted total base liability amount of \$21,900 is more than at least 10% higher than the economic benefit amount (\$12,500) as required by the enforcement policy.

#### **Step 9. Maximum and Minimum Liability Amounts**

a) *Minimum Liability Amount:* **\$ 13,750**

*Discussion:* The Enforcement Policy requires that the minimum liability amount imposed not be below the economic benefit plus ten percent. As discussed above, the Regional Water Board Prosecution Team's estimate of the Dischargers's economic benefit obtained from the violations cited in this Complaint is \$12,500.

b) *Maximum Liability Amount:* **\$1,506,000**

*Discussion:* The maximum administrative liability amount is the maximum amount allowed by Water Code Section 13367(b)(1): one thousand dollars (\$1,000) for each

day in which the violation occurs. Without the benefit of the alternative approach for calculating liability for multiday violations under the Enforcement Policy, the Dischargers could face penalties for the total number of days in violation (1506 total days X \$1,000 per day).

The proposed liability falls within these maximum and minimum liability amounts.

#### **Step 10. Final Liability Amount**

Based on the foregoing analysis, and consistent with the Enforcement Policy, the final liability amount proposed for the failure to submit the 2008 and 2009 Annual Reports, the Waste Management Plan, and the MWISP is **\$23,700**. Attachment B is a spreadsheet that demonstrates the use of the penalty calculation methodology.

**Attachment B**

Penalty Calculation for Civil Liability Spreadsheet

