

## COLORADO RIVER BASIN REGIONAL WATER QUALITY CONTROL BOARD

In the Matter of:

**NCA Management Co., LLC**

ORDER R7-2021-0014

**SETTLEMENT AGREEMENT AND  
STIPULATION FOR ENTRY OF  
ADMINISTRATIVE CIVIL LIABILITY  
ORDER; ORDER**

### I. Introduction

1. This Settlement Agreement and Stipulation for Entry of Administrative Civil Liability Order (Stipulated Order or Order) is entered into by and between the Assistant Executive Officer of the California Regional Water Quality Control Board, Colorado River Basin Region (Regional Water Board), on behalf of the Regional Board Prosecution Team (Prosecution Team) and NCA Management Co., LLC (Discharger or NCA) (collectively hereinafter the Parties) and is presented to the Regional Water Board for adoption as an order by settlement, pursuant to California Water Code section 13323 and Government Code section 11415.60.

### II. Recitals

2. NCA owns and operates an indoor cannabis cultivation facility on San Bernardino County Assessor Parcel Number (APN) 0660-091-09, located at 3241 Needles Highway in Needles, California ("Site").
3. On September 13, 2018, NCA enrolled under the State Water Resources Control Board's (State Water Board's) *General Waste Discharge Requirements and Waiver of Waste Discharge Requirements for Discharges of Waste Associated with Cannabis Cultivation Activities*, Order No. WQ 2017-0023-DWQ (General Order), as amended by Order No. WQ-2019-0001-DWQ. The Executive Officer of the Regional Water Board issued a Notice of Applicability (NOA) confirming NCA's coverage under the General Order's Waiver of Waste Discharge Requirements for Dischargers of Waste Associated with Cannabis Cultivation Activities (Conditional Waiver), Waste Discharge Identification No. 7\_36CC403989. The NOA provided NCA with notice that it is responsible for all applicable requirements in the General Order, the *Cannabis Cultivation Policy – Principles and Guidelines for Cannabis Cultivation* (Cannabis Policy), and the site-specific requirements of the Conditional Waiver.
4. On June 5, 2020, the Assistant Executive Officer of the Regional Water Board issued NCA Administrative Civil Liability (ACL) Complaint No. R7-2020-0024. The Complaint alleges that between January 21, 2019 and June 26, 2019, NCA

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violated the Conditional Waiver requirements of the General Order by discharging approximately 94,200 gallons of mineralized wastewater from its reverse osmosis filtration system to its onsite wastewater treatment system (OWTS), thereby discharging waste or causing or permitting waste to be deposited to waters of the state. Due to the nature and composition of the soil at the Site and the Site's proximity to the Colorado River channel (approximately 1,300 feet), the Prosecution Team asserted that the discharge of cannabis wastewater to the OWTS infiltrated groundwater posing a threat to groundwater quality.

5. The violation as alleged in the ACL Complaint constitutes a violation of Water Code section 13350, subdivision (a)(2) for which discretionary penalties may be assessed in the amount of up to five thousand dollars (\$5,000) for each day the violation occurs pursuant to Water Code section 13350, subdivision (e)(1).
6. Pursuant to the Enforcement Policy, the Prosecution Team conducted a preliminary financial investigation based on publicly available information when determining the proposed liability in the ACL Complaint and assessing NCA's ability to pay the proposed liability. NCA is a limited liability company with an ongoing business, deemed an essential business, during the COVID-19 pandemic. At the time the Prosecution Team considered NCA's ability to pay, the Prosecution Team did not identify any publicly available information that indicated that NCA would not be able to pay the proposed liability.
7. The ACL Complaint proposed administrative civil liability in the amount of **\$334,356.18** for the alleged violation considering factors in Water Code section 13327 and the State Water Board's 2017 *Water Quality Enforcement Policy* (Enforcement Policy) as more fully discussed in Attachment A to the ACL Complaint. The ACL Complaint and Attachment A are attached hereto as Exhibit 1 of this Stipulated Order.
8. The Parties have engaged in settlement negotiations and agree to settle the violation alleged in the ACL Complaint without administrative or civil litigation and by presenting this Stipulated Order to the Regional Water Board for adoption as an order by settlement, pursuant to Water Code section 13323 and Government Code section 11415.60.
9. NCA provided the Prosecution Team with several financial records in its exclusive possession and control to support its inability to pay and continue in business assertion in response to the ACL Complaint and as a part of settlement discussions. Pursuant to the Enforcement Policy section VI.A., the Prosecution Team assessed NCA's ability to pay the administrative civil liability by reviewing numerous financial documents and tax returns provided by NCA. The Prosecution Team found, due to the start-up nature of NCA, that in 2019 and

year-to-date in 2020, the company operated with net losses in revenue and current business activities do not generate positive cash flow. As such, the Prosecution Team determined that NCA is unable to pay the liability as proposed in the ACL Complaint. However, the Parties agreed to a lesser amount of liability to settle this matter based on NCA's specific financial circumstances.

10. To resolve the violations by consent and without further administrative or civil proceedings, the Parties agree to the imposition of an administrative civil liability against NCA in the amount of **one hundred and twenty-five thousand dollars (\$125,000)**. The amount of administrative civil liability imposed pursuant to the Parties' agreement in this Stipulated Order comports with the Enforcement Policy and considers the litigation risks associated with proceeding to hearing.
11. The Prosecution Team believes that the resolution of the alleged violation appropriately takes into account NCA's financial circumstances while enforcing the violation in a fair, firm, consistent, and transparent manner and deterring similar conduct. Moreover, the settlement fulfills the Prosecution Team's enforcement objectives that no further action is warranted concerning the violation alleged herein, and that this Stipulated Order is in the best interest of the public.

### III. Stipulations

The Parties stipulate to the following:

12. **Jurisdiction:** The Parties agree that the Regional Water Board has subject matter jurisdiction over the matters alleged in this action and personal jurisdiction of the Parties to this Stipulated Order.
13. **Administrative Civil Liability:** The Discharger hereby agrees to the imposition of an administrative civil liability in the amount of **one hundred and twenty-five thousand dollars (\$125,000)**. Of that amount, the Discharger agrees to pay **one hundred and twenty-five thousand dollars (\$125,000)** to fund a third party-administered Supplemental Environmental Project (SEP) in accordance with Paragraph 14.B.iv below. The total cost associated with the SEP will be referred to as the SEP Amount. The SEP Amount may also be referred to as Suspended Liability.

Pursuant to the State Water Board, *Policy on Supplemental Environmental Projects* (SEP Policy), up to 100% of an administrative civil liability may be allocated in cases where the SEP is located in or benefits a Disadvantaged Community, Environmental Justice Community, or Financial Hardship Community. This SEP is located in and benefits the City of Needles; a Financial Hardship Community based on the most current United States Census Bureau block data. The City of Needles has very limited funds for capital improvement

projects and opportunities to obtain additional funding from outside of the capital asset account are critical.

14. **Supplemental Environmental Project:** The Parties agree that the SEP Amount specified in Paragraph 13 will be used to fund a SEP. The amount associated with the SEP shall be treated as a suspended administrative civil liability at the time of the SEP Completion Date for purposes of this Order. The Regional Water Board is entitled to recover any portion of the suspended liability that is not expended in accordance with this Order. A detailed project description, including milestones, budgets, and performance measures are attached hereto as Exhibit 2, and incorporated by this reference.

**A. Description of the SEP—L Street Booster Station**

The Discharger proposes to undertake a third-party administered SEP that will be implemented by the City of Needles, Needles Public Utility Authority (NPUA). NPUA provides water service within the incorporated City of Needles limits and contiguous areas from the Nevada state line, south of Laughlin, Nevada, to the vicinity of Topock, Arizona. Service is also provided to portions of the Fort Mojave Tribal Reservation. Within its service area the NPUA provides water service to a permanent population of approximately 4,844 residents.

The NPUA system relies on two booster stations (Lilly Hill and L Street) to provide water to the service area. The booster stations were constructed in the 1950s and have outlived their useful life span. Due to the undersized infrastructure and poor electrical system, the L Street Pump Station can only be used in emergencies rather than year-round. Rehabilitation and upgrades to the L Street Pump Station is a capital improvement project the City of Needles has currently identified and scheduled for construction in 2023. This SEP would allow NPUA to accelerate this timeline by two years so that necessary rehabilitation and upgrades to the L Street Booster Station occur concurrently with a separately funded capital improvement project called the Lilly Hill Booster Station. When combined with the Lilly Hill project, the L Street Booster Station will significantly improve water availability, year-round service, and public health within the NPUA's service area.

In May 2020 the City obtained \$1.187M from the State Water Resources Control Board (State Water Board) to replace/relocate the existing aged and undersized Lilly Hill Booster Station. The City proposes utilizing the SEP Amount to provide for a comprehensive upgrade to NPUA's two booster stations by including engineering design and construction for the L Street Booster Station. By combining the engineering design phase of the Lilly Hill Booster Station and the L Street Booster Station there are substantial cost savings (approximately \$60,000) to the City.

The SEP Amount will completely fund the engineering design (\$78,792) and partial construction of the L Street Booster Station (\$46,208). The City of Needles' water rates include capital asset funding. As of fiscal year-end, the water capital asset fund had approximately \$700,000 available which will fund the additional construction costs for the L Street Booster Station (approximately \$275,392). The final engineered design plans will feed into the Lilly Hill Booster Station formal bid process for construction in 2021.

**B. Agreement for Discharger to Fund Implementation of the Project**

The Discharger represents that:

- i. The SEP conforms to the criteria identified in the 2017 SEP Policy;
- ii. The SEP is unrelated in scope to the actions completed to remedy the alleged violation identified in this Order, is not otherwise required by law, and the Discharger is not otherwise obligated to undertake;
- iii. The SEP has a nexus to the nature and location of the alleged violation identified in this Order;
- iv. Discharger will fund the SEP in the amount described in this Order by entering into a payment agreement with the City of Needles for the SEP Amount. That payment agreement will be provided to the Regional Water Board as a requirement of this Order;
- v. Discharger in cooperation with the City of Needles will provide quarterly reports to the Regional Water Board detailing project implementation and an accounting of SEP funding payments and project expenditures; and
- vi. Discharger will guarantee payment by remaining liable for the SEP Amount until the SEP is completed, less any amount that has been permanently suspended based on the timely and successful completion of any interim milestones, and accepted by the Regional Water Board according to the terms of this Order.

**C. SEP Performance Measures and Interim Milestones Completion Deadlines**

The proposed timeline for completion of the SEP is consistent with the State Water Board's 2017 "*Policy on Supplemental Environmental Projects*" (SEP Policy), which requires that all projects be completed within 36 months of the adoption of a stipulated order. Pursuant to the SEP Policy, the City in consultation with the Discharger shall prepare written project status reports as specified in Exhibit 2. These project status reports serve as the SEP Performance Measures and Interim Milestones. Successful completion of SEP Interim Milestones, including the Discharger's timely payment to the City pursuant to the payment agreement, will permanently suspend the portion of

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administrative civil liability paid to the City by the Discharger to fund the SEP to date. Submission of the SEP Completion Final Report constitutes the SEP Completion Date for this SEP.

The SEP Performance Measures and Interim Milestone deadlines are as follows:

<b>Project Status Report Type</b>	<b>Deadline</b>
Quarterly Reports	<b>Q1:</b> April 30, 2021 <b>Q2:</b> July 31, 2021 <b>Q3:</b> October 31, 2021 <b>Q4:</b> January 31, 2022 <b>Q5:</b> April 30, 2022 <b>Q6:</b> October 31, 2022 <b>Q7:</b> January 31, 2023 <b>Q8:</b> April 30, 2023
Project Construction Report	July 31, 2022
SEP Completion Final Report <sup>1</sup>	May 31, 2023

**D. Request of Extension of SEP Completion Deadline**

The Discharger, in consultation with the City, for good cause may petition the Regional Water Board, Executive Officer for an extension of either the July 31, 2022 Project Construction Report or the May 31, 2023 SEP Completion Final Report detailed above. If the SEP cannot be timely completed in accordance with Exhibit 2, due to circumstances beyond the Discharger or City's anticipation or control, the Discharger shall notify the Regional Water Board, Executive Officer in writing within thirty (30) days of the date the Discharger or City first knew, whichever is earlier, of the event or circumstances that caused or could cause a violation of this Order. The notice shall describe the reason for the delay and specifically refer to this Paragraph. The notice shall describe the anticipated length of time the delay may persist, the cause(s) of the delay, an updated schedule for implementation, and the anticipated date of compliance. The Discharger and the City, as third-party implementer, shall adopt all reasonable measures to avoid and minimize such delays.

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<sup>1</sup> Submission of this project status report constitutes the SEP Completion Date for purposes of the Discharger's SEP obligation.

The determination as to whether circumstances were beyond the reasonable control of the Discharger or the City and its agents will be made by the Executive Officer. Where the Executive Officer concurs that compliance was or is impossible, despite the timely good faith efforts of the Discharger or the City, due to circumstances beyond the control of the Discharger or the City that could not have been reasonably foreseen and prevented by the exercise of reasonable diligence by the Discharger, a new Project Construction Report Completion Date or a new SEP Completion Final Report Date shall be established and this Order will be revised accordingly. The Executive Officer will endeavor to grant a reasonable extension of time if warranted up to, but not exceeding, one year.

**E. Representation of the Discharger**

As a material consideration for the Regional Water Board's acceptance of this Order, the Discharger represents that it will utilize the SEP Amount outlined in Paragraph 13 to fund the City of Needles' implementation of the SEP in accordance with the SEP proposal as described in Exhibit 2. The Discharger understands that its promise to fully fund the SEP as described in Exhibit 2 is a material condition of this settlement of liability between the Parties.

**F. Project Oversight:**

The third party-administered SEP is being overseen by the City, however, the Discharger understands that it must engage in periodic oversight to ensure that interim project milestones like the Project Construction Report are timely completed. In addition, the Regional Water Board's oversight tasks include updating databases (CIWQS), reviewing and evaluating progress, conducting site inspections (if needed), reviewing the Project Completion Report and SEP Completion Final Report. Pursuant to Section VIII.G of the SEP Policy, in cases where the SEP directly benefits a DAC, an EJ Community, or a community with a financial hardship, or furthers the human right to water, as this SEP does, the Regional Water Board may approve a SEP which includes oversight costs as part of the total value of the SEP.

**G. Publicity**

If the Discharger publicizes its funding of the SEP it will state in a prominent manner that the SEP was undertaken as part of settlement of a Regional Water Board enforcement action.

**H. Site Inspections**

The Regional Water Board may inspect the SEP implementation location during normal business hours as well as review any documents associated with SEP implementation at any time without notice.

**I. Certification of Environmental Project**

Certification of the project shall occur pursuant to Paragraph 17 of Exhibit 2.

**J. Regional Water Board Acceptance of Completed SEP**

Upon completion of the SEP and the Discharger's satisfaction of its obligations under this Order, the Discharger in cooperation with the City, shall request that the Regional Water Board, or the Board's delegee, issue a statement indicating that the SEP has been completed in satisfaction of the terms of this Order and Exhibit 2 and that any remaining Suspended Liability is permanently suspended. The issuance of the statement shall terminate any further obligation of the Discharger under this Order.

**K. Failure to Expend All Suspended Administrative Civil Liability Funds on the Approved SEP**

In the event that the SEP is fully implemented as described in Exhibit 2 but the Discharger is not able to demonstrate through the submission of the SEP Completion Final Report that the full SEP Amount has been spent in accordance with the payment agreement, the Discharger shall pay to the Regional Water Board, as an administrative liability the difference between the SEP Amount and the amount the Discharger can demonstrate was actually spent on funding the SEP.

**L. Failure to Complete the SEP**

If the SEP Completion Final Report is not completed by the SEP Completion Date, unless extended pursuant to Paragraph 14.D., or if there has been a material failure by the Discharger to satisfy a project milestone, the Executive Officer shall issue to the Discharger a "Notice of Failure to Complete SEP". The amount owed shall be determined via a Motion for Payment of Suspended Liability before the Regional Water Board or its delegate. The Discharger shall be liable to pay the entire SEP Amount, or, if shown by the Discharger, some portion thereof less the value of any completed milestones as stipulated to by the Parties in writing, or as determined by the Motion for Payment of Suspended Liability. Unless the Regional Water Board or its delegee determines otherwise, the Discharger shall not be entitled to any credit, offset, or reimbursement from the Regional Water Board for expenditures made on the SEP prior to the issuance date of the Notice.



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Within 30 days of the Regional Water Board's or its delegee's determination of the Suspended Liability amount assessed for the Discharger to pay, the Discharger shall submit payment by check payable to the *Waste Discharge Permit Fund*, and shall indicate this Order number on the check. The Discharger shall send the original signed check to the following address:

State Water Resources Control Board; Accounting Office  
ATTN: ACL Payment  
P.O. Box 1888  
Sacramento, California 95812-1888

The Discharger shall send a copy of the Check to the Prosecution Team Party Contact at the address listed in Paragraph 17. Payment of the assessed amount upon SEP completion failure shall satisfy the Discharger's obligations to implement the SEP.

15. **Regional Water Board Not Liable:** Neither the Regional Water Board members nor the Regional Water Board staff, attorneys, or representatives shall be liable for any injury or damage to person or property resulting from acts or omissions by the Discharger, its directors, officers, employees, agents, representatives, or contractors in carrying out activities pursuant to this Order, nor shall the Regional Board, its members or staff be held as parties to or guarantors of any contract entered into by the Discharger, its directors, officers, employees, agents, representatives, or contractors in carrying out the activities pursuant to this Order.

The Discharger covenants not to sue or pursue any administrative or civil claim or claims against any State Agency of the State of California, or their officers, employees, representatives, agents, or attorneys arising out of or relating to any matter expressly addressed by this Order or the SEP.

16. **Compliance with Applicable Laws and Regulatory Changes:** The Discharger understands that payment of an administrative civil liability in accordance with the terms of this Stipulated Order is not a substitute for compliance with applicable laws, and that additional violations of the type alleged may subject it to further enforcement, including additional administrative civil liabilities. Nothing in this Stipulated Order shall excuse the Discharger from meeting any more stringent requirements which may be imposed hereafter by changes in applicable and legally binding legislation or regulations.

17. **Party Contacts for Communication Related to the Stipulated Order:**

For the Regional Water Board:

Patrick Lewis  
Office of Enforcement

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801 K Street, 23<sup>rd</sup> Floor  
Sacramento, California 95814  
(916) 327-0140  
[Patrick.lewis@waterboards.ca.gov](mailto:Patrick.lewis@waterboards.ca.gov)

For the Discharger:

Elyse Kaplan  
Legal Counsel  
Vertical Companies  
29800 Agoura Rd, Suite 100  
Agoura Hills, CA. 91301

18. **Attorneys' Fees and Costs:** Except as otherwise provided herein, each Party shall bear all attorneys' fees and costs arising from the Party's own counsel in connection with the matters set forth herein.
19. **Matters Covered by this Stipulation (Covered Matters):** Upon approval of the Discharger, adoption by the Regional Water Board, or its delegee, as an Order, this Stipulation represents a final and binding resolution and settlement of all claims, violations or causes of actions alleged above or which could have been asserted based on the specific facts alleged against the Discharger. The provisions of this Paragraph are expressly conditioned on the Discharger's full payment of administrative civil liability as governed by the deadline specified in Paragraph 14.B.iv.
20. **Public Notice:** The Discharger understands that this Stipulated Order will be noticed for a 30-day public review and comment period prior to consideration by the Regional Water Board. If significant new information is received that reasonably affects the propriety of presenting this Stipulated Order to the Regional Water Board for adoption, the Assistant Executive Officer may unilaterally declare this Stipulated Order void and decide not to present it to the Regional Water Board. The Discharger agrees that it may not rescind or otherwise withdraw its approval of this proposed Stipulated Order.
21. **Procedure:** The Parties agree that the procedure adopted for approval of the settlement by the Parties and review by the public, as reflected in this Order, will be adequate. In the event procedural objections are raised prior to this Stipulated Order becoming effective, the Parties agree to meet and confer concerning any such objections and may agree to revise or adjust the procedure as necessary or advisable under the circumstances.
22. **No Waiver of Right to Enforce:** The failure of the Prosecution Team or the Regional Water Board to enforce any provision of this Stipulated Order shall in no way be deemed a waiver of such provision, or in any way affect the validity of this Stipulated Order. The failure of the Prosecution Team or the Regional Water Board to enforce any such provision shall not preclude it from later enforcing the

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same or any other provision of this Stipulated Order. No oral advice, guidance, suggestions, or comments by employees or officials of any Party regarding matters covered under this Stipulated Order shall be construed to relieve any Party regarding matters covered in this Stipulated Order. The Regional Water Board reserves all rights to take additional enforcement actions, including without limitation, the issuance of administrative civil liability complaints or orders for violations other than those addressed by this Order.

23. **Effect of Stipulated Order:** Except as expressly provided in this Stipulated Order, nothing in this Stipulated Order is intended nor shall it be construed to preclude the Regional Water Board or any state agency, department, board, entity, or local agency from exercising its authority under any law, statute, or regulation.
24. **Interpretation:** This Stipulated Order shall not be construed against the Party preparing it, but shall be construed as if the Parties jointly prepared it and any uncertainty and ambiguity shall not be interpreted against any one party.
25. **Modification:** This Stipulated Order shall not be modified by any of the Parties by oral representation whether made before or after the execution of the Order. All modifications must be made in writing and approved by the Regional Water Board.
26. **Integration:** This Stipulated Order constitutes the entire agreement between the Parties and may not be amended or supplemented except as provided for in this Stipulated Order.
27. **If Order Does Not Take Effect:** The Discharger's obligations under this Stipulated Order are contingent upon the entry of the Order of the Regional Water Board as proposed. In the event that this Stipulated Order does not take effect because it is not approved by the Regional Water Board or is vacated in whole or in part by the State Water Board or a court, the Parties acknowledge that the Prosecution Team may proceed to a contested evidentiary hearing before the Regional Water Board to determine whether to assess an administrative civil liability for the underlying alleged violations, or may continue to pursue settlement. The Parties agree that all oral and written statements and agreements made during the course of the settlement discussions will not be admissible as evidence in any subsequent administrative or judicial proceeding or hearing and will be fully protected by California Evidence Code sections 1152 and 1154; California Government Code section 11415.60; Rule 408, Federal Rules of Evidence; and any other applicable privilege under federal and/or state law. The Parties also agree to waive any and all objections related to their efforts to settle this matter, including but not limited to:
  - a. Objections related to prejudice or bias of any of the Regional Water Board members or their advisors and any other objections to the extent that they are

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- premised in whole or in part on the fact that the Regional Water Board members or their advisors were exposed to some of the material facts and the Parties settlement positions, and therefore may have formed impressions or conclusions, prior to conducting any contested evidentiary hearing in this matter; or
- b. Laches or delay or other equitable defenses based on the time period that the Order or decision by settlement may be subject to administrative or judicial review.
24. **Waiver of Hearing:** The Discharger has been informed of the rights provided by Water Code section 13323, subdivision (b), and, if the settlement is adopted by the Regional Water Board, hereby waives its right to a hearing before the Regional Water Board prior to the Stipulated Order's adoption. However, should the settlement not be adopted, and should the matter proceed to the Regional Water Board for hearing, the Discharger does not waive the right to a hearing before an order is imposed.
25. **Waiver of Right to Petition:** Except in the instance where the settlement is not adopted by the Regional Water Board, the Discharger hereby waives the right to petition the Regional Water Board's adoption of the Stipulated Order as written for review by the State Water Board, and further waives the right, if any, to appeal the same to a California Superior Court and/or California appellate level court.
26. **Covenant Not to Sue:** The Discharger covenants not to sue or pursue any administrative or civil claim(s) against any State Agency or the State of California, its officers, Board Members, employees, representatives, agents, or attorneys arising out of or relating to any matter expressly addressed by this Stipulated Order.
27. **No Admission of Liability:** In settling this matter, the Discharger does not admit to any of the allegations stated herein, or that it has been or is in violation of the Water Code, or any other federal, State, or local law or ordinance, with the understanding that in the event of any future enforcement actions by the Regional Water Board, the State Water Board, or any Regional Water Quality Control Board, this Stipulated Order may be used as evidence of a prior enforcement action consistent with Water Code section 13327 and/or 13385, subdivision (e).
28. **Authority to Bind:** Each person executing this Stipulated Order in a representative capacity represents and warrants that they are authorized to execute this Order on behalf of and to bind the entity on whose behalf the Order is executed.
29. **Necessity for Written Approval:** All approvals and decisions of the Regional Water Board under the terms of this Stipulated Order shall be communicated to

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the Discharger in writing. No oral advice, guidance, suggestions, or comments by employees or officials of the Regional Water Board regarding submissions or notices shall be construed to relieve the Discharger of its obligation to obtain any final written approval required by this Stipulated Order.

30. **No Third-Party Beneficiaries:** This Stipulated Order is not intended to confer any rights or obligation on any third party or parties, and no third party or parties shall have any right of action under this Stipulated Order for any cause whatsoever.
31. **Severability:** This Stipulated Order is severable; should any provision be found invalid, the remainder shall remain in full force and effect.
32. **Effective Date:** This Stipulated Order shall be effective and binding on the Parties upon the date the Regional Water Board enters the Order incorporating the terms of this Stipulated Order.
33. **Counterpart Signatures:** This Stipulated Order may be executed and delivered in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, but such counterparts shall together constitute one document. Further, this Stipulated Order may be executed by facsimile or electronic signature, and any such facsimile or electronic signature by any Party hereto shall be deemed to be an original signature and shall be binding on such Party to the same extent as if such facsimile or electronic signature were an original signature.

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**IT IS SO STIPULATED**

California Regional Water Quality Control Board, Colorado River Basin Prosecution  
Team

By: 

Date: 1/15/2021

Cassandra Owens, Assistant Executive Officer  
NCA Management, LLC

By: 

Date: 1/18/2021

William A. Sutman, Chief Financial Officer

EXHIBIT 1: ACL Complaint No. R7-2020-0024 and Attachment A Penalty Methodology

EXHIBIT 2: L Street Booster Station SEP Proposal

EXHIBIT 3: City Engineer Estimate

EXHIBIT 4: SEP Application

EXHIBIT 5: SEP Allocation Memo

EXHIBIT 6: Director Notification Email

**IV. FINDINGS OF THE COLORADO RIVER BASIN WATER BOARD<sup>2</sup>**

Having considered the allegation and the Parties' stipulations, the Regional Water Board finds that:

34. The Regional Water Board incorporates Paragraphs 1 through 33 by reference as it set forth fully herein.
35. In accepting this settlement, the Regional Water Board has considered, where applicable, each of the factors prescribed in California Water Code section 13327. The Regional Water Board's consideration of these factors is based upon information obtained by the Prosecution Team in investigating the violation alleged herein, the information in Exhibit 1, or otherwise provided to the Regional Water Board.
36. This is an action to enforce the laws and regulations administered by the Regional Water Board. The Regional Water Board finds that issuance of this Order is exempt from the provisions of the California Environmental Quality Act (CEQA) (Public Resources Code section 21000 et seq.), in accordance with section 15321(a)(2), Title 14, of the California Code of Regulations.
37. The Regional Water Board's Executive Officer is hereby authorized to refer this matter directly to the Attorney General for enforcement if the Discharger fails to perform any of its obligations under this Order.
38. Fulfillment of the Discharger's obligations under the Order constitutes full and final satisfaction of any and all liability for Covered Matters in accordance with the terms of the Order.
39. The attached Agreement between the Assistant Executive Officer and NCA Management Co., LLC is approved pursuant to Water Code section 13323 and Government Code section 11415.60 and is incorporated by reference into this Order.

I, Paula Rasmussen, Executive Officer, do hereby certify that the foregoing is a full, true, and correct copy of an Order adopted by the California Regional Water Quality Control Board, Colorado River Basin Region.

Original Signed By  
PAULA RASMUSSEN  
Executive Officer

Date: 3/9/2021

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<sup>2</sup> These findings by the Regional Water Board may be modified prior to the adoption of this Order without requiring amendment of the settlement agreement between the Parties.