CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
CENTRAL VALLEY REGION

In the matter of: 

City of Redding
Redding Department of
Public Works

Administrative Civil Liability Complaints Nos. R5-2011-0587, R5-2011-0570, and NOVs as
Described Herein

Order No. R5-2012-0112
Settlement Agreement and Stipulation for Entry of Order; Order

Section I: INTRODUCTION

This Settlement Agreement and Stipulation for entry of Administrative Civil Liability Order ("Agreement" or "Stipulated Order" or "Order") is entered into by and between the Executive Officer of the Regional Water Quality Control Board, Central Valley Region ("Central Valley Water Board"), on behalf of the Central Valley Water Board Prosecution Staff ("Prosecution Staff"), and the City of Redding ("Respondent") (collectively the "Parties") and is presented to the Central Valley Water Board, or its delegee, for adoption as an order by settlement, pursuant to Government Code section 11415.60.

Section II: RECITALS

1. Respondent owns and operates a municipal sanitary sewer system in the City of Redding, including two domestic wastewater treatment plants and associated wastewater collection systems; the Clear Creek Wastewater Treatment Plant (Clear Creek WWTP) located at 2200 Metz Road, Redding, Shasta County, and the Stillwater Wastewater Treatment Plant (Stillwater WWTP) located at 6475 Airport Road, Anderson, Shasta County. The Clear Creek WWTP operated under WDR Order No. R5-2003-0130 (NPDES No. CA0079731) ("2003 Clear Creek NPDES Permit") from 5 September 2003 to 22 September 2010, and continues to operate under WDR Order No. R5-2010-0096 (NPDES No. CA0079731) ("2010 Clear Creek NPDES Permit") from 23 September 2010 to the present day. The Stillwater WWTP operates under WDR Order No. R5-2007-0058 (NPDES No. CA0082589) ("2007 Stillwater NPDES Permit"). The collection system is also subject to State Water Resources Control Board ("State Water Board") Order No. WQ-2006-0003 for Sanitary Sewer Systems ("SSO General Order").

2. On 11 May 2011, the Executive Officer of the Central Valley Water Board issued Administrative Civil Liability Complaint No. R5-2011-0570 ("May 2011 Complaint") to the Respondent (Attachment A). The Complaint recommends imposing an administrative civil liability totaling $72,000 for alleged effluent limitation violations resulting from a
chlorine excursion at the Stillwater WWTP in January, 2011 ("Alleged May 2011 ACL Violations"). The proposed administrative civil liability includes staff costs of $4,750.

3. On 19 July 2011, the Executive Officer of the Central Valley Water Board issued Administrative Civil Liability Complaint No. R5-2011-0587 ("July 2011 Complaint") to the Respondent (Attachment B). The Complaint recommends imposing an administrative civil liability totaling $200,000 for alleged effluent limitation violations and mandatory minimum penalties for discharges from the Clear Creek WWTP during the period of 17 December 2009 to 2 April 2011 ("Alleged July 2011 ACL Violations"). The proposed administrative civil liability includes staff costs of $4,350.

4. On 14 February 2011, the Supervising Engineer of the Central Valley Water Board issued a Notice of Violation to the Respondent for an alleged chlorine residual effluent limit violation (Alleged Chlorine Violation) at the Stillwater WWTP (Attachment C). The Notice of Violation was referred to the Executive Officer of the Central Valley Water Board for further enforcement action, resulting in the May 2011 Complaint.

5. On 31 May 2011, the Supervising Engineer of the Central Valley Water Board issued a Notice of Violation to the Respondent for an alleged dichlorobromomethane effluent limit violation ("Alleged DCBM Violation") at the Stillwater WWTP (Attachment D). The Notice of Violation was referred to the Executive Officer of the Central Valley Water Board for further enforcement action.

6. On 18 May 2011, the Supervising Engineer of the Central Valley Water Board issued a Notice of Violation to the Respondent for multiple alleged effluent limit violations and for allegedly bypassing filtration treatment for a portion of inflow between 23 March 2011 and 3 April 2011 at the Clear Creek WWTP, and on 18 May 2011, the Supervising Engineer of the Central Valley Water Board issued a Notice of Violation to the Respondent for bypassing filtration treatment for a portion of inflow between 26 March 2011 and 28 March 2011 at the Stillwater WWTP (Attachments E & F). The Notices of Violation alleged that the bypass events were in violation of Discharge Prohibitions and Standard Provision I.G.3. in both the 2010 Clear Creek NPDES Permit and the 2007 Stillwater NPDES Permit ("Alleged Bypass Violations"). The Notices of Violation were referred to the Executive Officer of the Central Valley Water Board for further enforcement action.

7. On June 20, 2012, the Supervising Engineer of the Central Valley Water Board issued a Notice of Violation to the Respondent for alleged effluent limit violations for pH (Alleged pH Violations) at the Stillwater WWTP (Attachment G). The alleged violations occurred on 12 January 2012 and 13 January 2012. The Notice of Violation was referred to the Executive Officer of the Central Valley Water Board for further enforcement action.

8. The Prosecution Team determined that between 3 September 2007 and 31 May 2012 the Respondent reported into the California Integrated Water Quality System ("CIWQS") database 78 alleged violations related to sanitary sewer overflows from the Clear Creek and Stillwater collection systems ("Alleged SSO Violations"), two of which
had been previously resolved by settlement under the terms of Administrative Civil Liability Order R5-2009-0549. On both 15 February 2011 and 13 April 2012, the Supervising Engineer of the Central Valley Water Board issued Notices of Violation for alleged violations related to various sanitary sewer overflows included in the CIWQS database (Attachments H and I). Discharges of sewage from the collection system are prohibited under the 2003 Clear Creek NPDES Permit, the 2010 Clear Creek NPDES Permit, the 2007 Stillwater NPDES Permit, and the SSO General Order. A list of the remaining 76 alleged violations is included in Attachment J.

9. The Parties have engaged in settlement negotiations and agree to settle the matter without administrative or civil litigation and by presenting this Stipulated Order to the Central Valley Water Board, or its delegatee, for adoption as an order by settlement pursuant to Government Code section 11415.60. The Prosecution Staff believes that the resolution of the alleged violations is fair and reasonable and fulfills its enforcement objectives, that no further action is warranted concerning the violations alleged in the Complaints and the Notices of Violation except as provided in this Stipulated Order and that this Stipulated Order is in the best interest of the public.

10. To resolve the Alleged May 2011 ACL Violations, the Alleged July 2011 ACL Violations, the Alleged Chlorine Violation, the Alleged Bypass Violations, the Alleged DCBM Violation, the Alleged pH Violations and the Alleged SSO Violations by consent and without further administrative proceedings, the Parties have agreed to the imposition of $1,450,000 in liability against the Respondent. The Respondent agrees to expend $800,000 toward a Supplemental Environmental Project ("SEP"). The Respondent shall also pay a total of $225,000 to the State Water Pollution Cleanup and Abatement Account, consisting of approximately $10,000 in staff costs, $21,000 in mandatory minimum penalties, and the balance in stipulated penalties. The remaining $425,000 in liability will be progressively suspended if the Respondent meets progressive annual milestones associated with completion of the SEP as set forth in this stipulation.

Section III: STIPULATIONS

The Parties stipulate to the following:

11. Administrative Civil Liability: Respondent hereby agrees to the imposition of an administrative civil liability totaling $1,450,000 as set forth in Paragraph 10 of Section II herein. Within thirty (30) days of the effective date of this Order, Respondent agrees to remit, by check, TWO HUNDRED TWENTY FIVE THOUSAND DOLLARS ($225,000), payable to the State Water Pollution Cleanup and Abatement Account, and shall indicate on the check the number of this Order. Respondent shall send the original signed check to Julie Macedo, State Water Resources Control Board, Office of Enforcement, P.O. Box 100, Sacramento, CA 95812, and shall send a copy to Robert Crandall, Regional Water Quality Control Board, Central Valley Region 364 Knollcrest Drive, Suite 200, Redding, CA 96002. Further, the Parties agree that $800,000 of this administrative civil liability shall be suspended pending completion of the SEP ("SEP Suspended Liability"), and that $425,000 shall be suspended and shall be progressively
waived pending completion of SEP project milestones ("Suspended Liability"). The SEP Suspended Liability and Suspended Liability amounts will be waived upon completion of the following:

a. Completion of Private Sewer Lateral Replacement Program SEP as set forth in Paragraphs 10 through 22 of Section III herein and Attachment K attached hereto and incorporated by reference ($800,000);

b. Timely progress toward completion of the Private Sewer Lateral Replacement Program by meeting a series of annual goals for specified program expenditures (Private Sewer Lateral SEP Deliverables) as set forth in Attachment L attached hereto and incorporated by reference ($425,000).

12. SEP Descriptions: The Parties agree that this Stipulation includes the performance of these two SEP project milestones:

a. Private Sewer Lateral Replacement Program SEP: The goal of this project is to reduce inflow and infiltration (I/I) into the Discharger's collection system from defective private sewer laterals. A reduction in I/I will benefit surface water quality and beneficial uses by decreasing the number and volume of spills of untreated or partially treated sewage from the Discharger's collection system to surface waters during wet weather. In addition, the program will reduce the amount of flow to the Clear Creek and Stillwater WWTPs during wet-weather events, avoiding the need to bypass wastewater treatment. Detailed plans concerning how the Discharger will implement the Private Sewer Lateral Replacement Program SEP are provided in the SEP proposal included herein as Attachment K.

b. SEP Completion Dates: The Private Sewer Lateral Replacement Program SEP shall be concluded, and a Certificate of Completion shall be provided to the Regional Board by February 1, 2018. ("Private Sewer Lateral Replacement Program SEP Completion Date"). The SEP shall be implemented in accordance with the schedule and milestone dates provided in the Private Sewer Lateral SEP Deliverables included as Attachment L.

13. Agreement of Discharger to Fund, Report, and Guarantee Implementation of SEP: Respondent represents that: (1) it will fund the SEP in the amount as described in this Stipulation; (2) it will provide certifications and written reports to the Central Valley Water Board consistent with the terms of this Stipulation detailing the implementation of the SEP; and (3) Respondent will guarantee implementation of the SEP by remaining liable for the SEP Suspended Liability in accordance with paragraph 19 of Section III, until the SEP is completed and accepted by the Central Valley Water Board in accordance with the terms of this Stipulation. Respondent agrees that the Central Valley Water Board has the right to require an audit of the funds expended by it to implement the SEP.
14. **Oversight of SEP**: Respondent is solely responsible for paying for all oversight costs incurred to oversee the SEP. The SEP oversight costs are in addition to the total administrative civil liability imposed against the Respondent and are not credited toward Respondents obligation to fund the SEP.

15. **SEP Progress Reports**: Respondent shall provide quarterly reports of progress to a Designated Central Valley Regional Board Representative, and the State Water Resources Control Board's Division of Financial Assistance, commencing 90 days after this Stipulation becomes final and continuing through submittal of the Certificate of Completion described below in Paragraph 16. If no activity occurred during a particular quarter, a quarterly report so stating shall be submitted.

16. **Certification of Completion of SEP**: On or before the applicable SEP Completion Date, Respondent shall submit a certified statement of completion of the SEP ("Certification of Completion"). The Certification of Completion shall be submitted under penalty of perjury, to the Designated Central Valley Water Board Representative and the State Water Resources Control Board's Division of Financial Assistance, by a responsible official representing the Respondent. The Certification of Completion shall include the following:

   a. Certification that the SEP has been completed in accordance with the terms of this Stipulation. Such documentation may include photographs, invoices, receipts, certifications, and other materials reasonably necessary for the Central Valley Water Board to evaluate the completion of the SEP and the costs incurred by the Respondent.

   b. Certification documenting the expenditures by Respondent during the completion period for the SEP. Expenditures may be external payments to outside vendors or contractors performing the SEP. In making such certification, the official may rely upon normal company project tracking systems that capture employee time expenditures and external payments to outside vendors such as environmental and information technology contractors or consultants. The certification need not address any costs incurred by the Central Valley Water Board for oversight. Respondent shall provide any additional information requested by the Central Valley Water Board staff which is reasonably necessary to verify SEP expenditures.

   c. Certification, under penalty of perjury, that Respondent followed all applicable environmental laws and regulations in the implementation of the SEP including but not limited to the California Environmental Quality Act (CEQA), the federal Clean Water Act, and the Porter-Cologne Act. To ensure compliance with CEQA where necessary, Respondent shall provide the Central Valley Water Board with the following documents from the lead agency prior to commencing SEP construction:

      i. Categorical or statutory exemptions relied upon;
ii. Negative declaration if there are no potentially "significant" impacts;

iii. Mitigated negative declaration if there are potentially "significant" impacts but revisions to the project have been made or may be made to avoid or mitigate those potentially significant impacts; or

iv. Environmental Impact Report (EIR)

17. **Third Party Financial Audit:** In addition to the certification, upon completion of the SEP and at the written request of the Central Valley Water board, Respondent, at its sole cost, shall submit a report prepared by an independent third party(ies) acceptable to the Central Valley Water Board staff, or its designated representative, providing such party’s(ies’) professional opinion that the Respondent and/or an implementing party (where applicable) have expended money in the amounts claimed by Respondent. The audit report shall be provided to the Central Valley Water Board staff within three months of notice from Central Valley Water Board to Respondent of the need for an independent third party financial audit. The audit need not address any costs incurred by the Central Valley Water Board for oversight.

18. **Central Valley Water Board Acceptance of Completed SEP:** Upon Respondent’s satisfaction of its SEP obligations under this Stipulation and completion of the SEP and any audit requested by the Central Valley Water Board, Central Valley Water Board staff shall send Respondent a letter recognizing satisfactory completion of its SEP obligations under this Stipulation. This letter shall terminate any further SEP obligations of Respondent and result in the permanent waiver of the SEP Suspended Liability and Suspended Liability.

19. **Failure to Expended all SEP Suspended Liability Funds on the approved SEP:** In the event that Respondent is not able to demonstrate to the reasonable satisfaction of the Central Valley Water Board staff that the entire SEP Suspended Liability has been spent to complete the components of the SEP for which Respondent is financially responsible, Respondent shall pay the difference between the SEP Suspended Liability and the amount Respondent can demonstrate was actually spent on the SEP as an administrative civil liability. Respondent shall pay this remainder within 30 days of its receipt of notice of the Central Valley Water Board’s determination that Respondent has failed to demonstrative that the entire SEP Suspended Liability has been spent to complete the SEP components.

20. **Force Majeure:** In the event that the SEP is not performed in accordance with the specific terms and conditions, including the time schedule, detailed in Attachments K and L, due to circumstances beyond the reasonable control of the Respondent and which could not have been reasonably foreseen and prevented by the exercise of due diligence, the Respondent will provide written notice to the designated Central Valley Water Board staff within five days of the date Respondent first knew of the event or circumstance that caused the deviation from the SEP terms and conditions. The final determination as to whether the circumstances were beyond the reasonable control of Respondent will be made by the Executive Officer of the Central Valley Water Board. In
this event, the parties agree to meet and confer regarding an extension of time to complete the SEP.

For purposes of this Agreement, a “force majeure” is defined as an event which could not have been anticipated by Respondent, is beyond the control of Respondent, and is of such great import and character, including but not limited to an act of God; earthquake; flood and any other natural disaster; civil disturbance and strike; fire and explosion; declared war in the United States; or embargo. To trigger the force majeure protection under the Agreement, Respondent must demonstrate that timely compliance with the SEP and/or any affected interim deadlines will be actually and necessarily delayed, that it has taken measures to avoid and/or mitigate the delay by the exercise of all reasonable precautions and efforts, whether before or after the occurrence of the cause of the delay; and Respondent provides written notice as described above. Delays caused by actions under the control of the Respondent will not constitute a force majeure.

For purposes of this Agreement, a “force majeure” does not include delays caused by funding, easements, contractor performance, equipment delivery and quality, weather, permitting, and other related issues. In addition, this Agreement is not subject to modification based on force majeure due to construction delays, CEQA challenges, initiative litigation, adverse legislation, or other matters of a legal nature.

21. Failure to Complete the SEP: Except as provided in paragraph 20, if the SEP is not fully implemented within the SEP completion dates required by this Stipulation, the Designated Central Valley Water Board Representative shall issue a Notice of Violation. As a consequence, Respondent shall be liable to pay the entire Suspended Liability or, some portion thereof less the value of the completion of any milestone requirements. Unless otherwise ordered, Respondent shall not be entitled to any credit, offset, or reimbursement from the Central Valley Water Board for expenditures made on the SEP prior to the date of receipt of the Notice of Violation. The amount of the Suspended Liability owed shall be determined via a “Motion for Payment of Suspended Liability” before the Central Valley Water Board, or its delegee. Upon a determination by the Central Valley Water Board, or its delegee, of the amount of the Suspended Liability assessed, the amount shall be paid to the State Water Board Cleanup and Abatement Account within thirty (30) days after the service of the Central Valley Water Board’s determination. In addition, Respondent shall be liable for the Central Valley Water Board’s reasonable costs of enforcement, including but not limited to legal costs and expert witness fees. Payment of the assessed amount will satisfy Respondent’s obligations to implement the SEP.

22. Publicity: Should Respondent or its agents or subcontractors publicize one or more elements of the SEP, they shall state in a prominent manner that the project is being partially funded as part of the settlement of an enforcement action by the Central Valley Water Board against Respondent.

23. Compliance with Applicable Laws: Respondent understands that payment of administrative civil liability in accordance with the terms of this Stipulated Order and or
compliance with the terms of this Stipulated Order is not a substitute for compliance with applicable laws, and that continuing violations of the type alleged in the Complaint may subject it to further enforcement, including additional administrative civil liability.

24. Party Contacts for Communications related to Stipulated Order:  
   For the Regional Water Board: 
   Bryan Smith 
   Regional Water Quality Control Board 
   Central Valley Region 
   364 Knolcrest Drive, Suite 200 
   Redding, CA 96002 

   For Respondent: 
   Jon McClain 
   City of Redding Department of Public Works 
   P.O. Box 496071 
   Redding, CA 96049 

25. Attorney's 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.

26. Matters Addressed by Stipulation: Upon the Central Valley Water Board's adoption of this Stipulated Order, this Order represents a final and binding resolution and settlement of the violations alleged in the Complaints, Notices of Violation, and all claims, violations or causes of action that could have been asserted against the Respondent as of the effective date of this Stipulated Order based on the specific facts alleged in the Complaints, Notices of Violation or this Order ("Covered Matters"). The provisions of this Paragraph are expressly conditioned on the full payment of the administrative civil liability, in accordance with Paragraph 10.

27. Public Notice: Respondent understands that this Stipulated Order will be noticed for a 30-day public review and comment period prior to consideration by the Central Valley Water Board, or its delegee. If significant new information is received that reasonably affects the propriety of presenting this Stipulated Order to the Central Valley Water Board, or its delegee, for adoption, the Executive Officer may unilaterally declare this Stipulated Order void and decide not to present it to the Central Valley Water Board, or its delegee. Respondent agrees that it may not rescind or otherwise withdraw their approval of this proposed Stipulated Order.

28. Addressing Objections Raised During Public Comment Period: The Parties agree that the procedure contemplated for the Central Valley Water Board's adoption of the settlement by the Parties and review by the public, as reflected in this Stipulated Order, will be adequate. In the event procedural objections are raised prior to the
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.

29. No Waiver of Right to Enforce: The failure of the Prosecution Staff or Central Valley 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 the Order. The failure of the Prosecution Staff or Central Valley Water Board to enforce any such provision shall not preclude it from later enforcing the same or any other provision of this Stipulated Order.

30. Interpretation: This Stipulated Order shall be construed as if the Parties prepared it jointly. Any uncertainty or ambiguity shall not be interpreted against any one Party.

31. Modification: This Stipulated Order shall not be modified by any of the Parties by oral representation made before or after its execution. All modifications must be in writing, signed by all Parties, and approved by the Central Valley Water Board.

32. If Order Does Not Take Effect: In the event that this Stipulated Order does not take effect because it is not approved by the Central Valley Water Board, or its delegatee, or is vacated in whole or in part by the State Water Board or a court, the Parties acknowledge that they expect to proceed to a contested evidentiary hearing before the Central Valley Water Board to determine whether to assess administrative civil liabilities for the underlying alleged violations, unless the Parties agree otherwise. The Parties agree that all oral and written statements and agreements made during the course of settlement discussions will not be admissible as evidence in the hearing. The Parties agree to waive any and all objections based on settlement communications in this matter, including, but not limited to:

   a. Objections related to prejudice or bias of any of the Central Valley Water Board members or their advisors and any other objections that are premised in whole or in part on the fact that the Central Valley Water Board members or their advisors were exposed to some of the material facts and the Parties’ settlement positions as a consequence of reviewing the Stipulation and/or the Order, and therefore may have formed impressions or conclusions prior to any contested evidentiary hearing on the Complaint in this matter; or

   b. Laches or delay or other equitable defenses based on the time period for administrative or judicial review to the extent this period has been extended by these settlement proceedings.

33. No Admission of Liability: In settling this matter, Respondent does not admit to any of the findings in the Complaints, Notices of Violation, this Stipulated Order, or that it has been or is in violation of the Water Code, or any other federal, state, or local law or ordinance; however, the Respondent recognizes that this Stipulated Order may be used as evidence of a prior enforcement action consistent with Water Code section 13327.
34. **Waiver of Hearing:** Respondent has been informed of the rights provided by Water Code section 13323(b), and hereby waives its right to a hearing before the Central Valley Water Board prior to the adoption of the Stipulated Order.

35. **Waiver of Right to Petition:** Respondent hereby waives its right to petition the Central Valley Water Board’s adoption of the Stipulated Order as written for review by the State Water Board, and further waives its rights, if any, to appeal the same to a California Superior Court and/or any California appellate level court.

36. **Covenant Not to Sue:** Respondent 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 Covered Matter.

37. **Central Valley Water Board is Not Liable:** Neither the Central Valley Water Board members nor the Central Valley Water Board staff, attorneys, or representatives shall be liable for any injury or damage to persons or property resulting from acts or omissions by Respondent, its directors, officers, employees, agents, representatives or contractors in carrying out activities pursuant to this Stipulated Order.

38. **Authority to Bind:** Each person executing this Stipulated Order in a representative capacity represents and warrants that he or she is authorized to execute this Stipulated Order on behalf of and to bind the entity on whose behalf he or she executes the Order.

39. **No Third Party Beneficiaries.** This Stipulated Order is not intended to confer any rights or obligations 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.

40. **Effective Date:** This Stipulated Order shall be effective and binding on the Parties upon the date the Central Valley Water Board, or its delegate, enters the Order.

41. **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.

**IT IS SO STIPULATED.**

California Regional Water Quality Control Board Prosecution Staff
Central Valley Region

By: 

Pamela Creedon
Executive Officer

Date: August 7, 2012
Order of the Central Valley Water Board

42. In adopting this Stipulated Order, the Central Valley Water Board or its delegate has considered, where applicable, each of the factors prescribed in Water Code sections 13327 and 13385(e). The consideration of these factors is based upon information and comments obtained by the Central Valley Water Board staff in investigating the allegations in the Complaint or otherwise provided to the Central Valley Water Board or its delegate by the Parties and members of the public. In addition to these factors, this settlement recovers the costs incurred by the staff of the Central Valley Water Board for this matter.

43. This is an action to enforce the laws and regulations administered by the Central Valley Water Board. The Central Valley Water Board finds that issuance of this Order is exempt from the provisions of the California Environmental Quality Act (Public Resources Code, section 21000, et seq.), in accordance with section 15321(a)(2), Title 14, of the California Code of Regulations.

44. The terms of the foregoing Stipulation are fully incorporated herein and made part of this Order of the Central Valley Water Board.

Pursuant to Water Code section 13323 and Government Code section 11415.60, IT IS HEREBY ORDERED by the California Regional Water Quality Control Board, Central Valley Region.

(Signature)

KENNETH D. LANDAU, ASST. EXEC. OFFICER
(Print Name and Title)

Date: 6 December 2012