

CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
LAHONTAN REGION

In the matter of:)	
)	
Green Valley Foods Products, Inc. and Hector Huerta)	Order No. R6V-2012-0004
)	
No. R6V-2011-0082 for Administrative Civil Liability)	Settlement Agreement and Stipulation for Entry of Order; Order
)	

Section I: Introduction

This Settlement Agreement and Stipulation for Entry of Administrative Civil Liability Order ("Stipulation") is entered into by and between the California Regional Water Quality Control Board, Lahontan Region Prosecution Staff ("Prosecution Staff"), and Green Valley Foods Products, Inc., and Hector Huerta ("Settling Respondent") (collectively "Parties") and is presented to the Lahontan Regional Water Quality Control Board ("Regional Water Board") for adoption as an Order, by settlement, pursuant to Government Code section 11415.60.

Section II: Recitals

1. Green Valley Foods Products, Inc. is the owner of the cheese production facility located on two parcels owned by Hector Huerta, located at 25684 and 36293 Community Boulevard, Barstow, San Bernardino County, California. Regional Water Board Order No. R6V-2010-0019, adopted May 13, 2010, prescribes waste discharge requirements, including prohibitions and provisions for the cheese production facility necessary to protect the beneficial uses of the surface and ground waters within the Middle Mojave River Valley Groundwater Basin. Order No. R6V-2010-0019 required the Settling Respondent to submit a series of plans and reports intended to result in the construction of an operational Class II surface impoundment and associated monitoring facilities by March 30, 2011. See administrative civil liability complaint R6V-2011-0082 ("Complaint") for further description.
2. The Complaint recommends imposing an administrative civil liability totaling \$235,674 for alleged violations of waste discharge requirements Order No. R6V-2010-0019. That amount includes staff costs of \$26,250.
3. To resolve by consent and without further administrative proceedings certain alleged violations of the California Water Code and waste discharge requirements Order No. R6V-2010-0019 set forth in the Complaint, the Parties have agreed to the imposition of \$100,000 against the Settling Respondent, which includes \$26,250 for

staff costs. Payment of \$100,000 to the State Water Resources Control Board Cleanup and Abatement Account is due no later than 30 days following the Regional Water Board executing this Order.

4. The Complaint alleges that the Settling Respondent violated the waste discharge requirements Order No. R6V-2010-0019 by failing to submit plans and reports as required as outlined in Table No. 1 below.

Table 1. Violations Alleged in the Complaint

Violation No.	Plan/Report	Board Order Requirement No.
1	Design Plan for Surface Impoundment	V.B.1.
2	Work Plan for Surface Impoundment Construction	V.B.2.
3	Odor Control Plan	V.B.3.
4	Monitoring and Reporting Plan with a Sampling and Analysis Plan	V.B.4.
5	Detection Monitoring Plan	V.B.5.
6	Closure Plan and Cost Estimate	V.B.6.
7	Known or Reasonably Foreseeable Release Plan and Financial Assurance Instrument	V.C. and V.D.
8	Monitoring System Installation Report	V.E.2.
9	Final Construction Quality Assurance Report	V.F.

5. On November 17, 2010, the State Water Resources Control Board adopted Resolution No. 2009-0083 amending the Water Quality Enforcement Policy ("Enforcement Policy"). The Enforcement Policy was approved by the Office of Administrative Law and became effective on May 20, 2010. The Enforcement Policy establishes a methodology for assessing administrative civil liability. Use of the methodology addresses the factors in California Water Code section 13327.¹ The proposed stipulated administrative civil liability is based on the use of that methodology as described in the Complaint. The recommended liability is reduced to \$100,000 based on reducing the factors for the Settling Respondents' culpability and ability to pay factors.

- a. After staff gained further experience using the methodology from when the Enforcement Policy first took effect to the present, the Prosecution Team recommends reducing the culpability factor from 1.5 to 1.2 to more accurately reflect the level of negligence exhibited in failure to submit reports for the Title 27 surface impoundment that was never constructed.

¹ The policy can be found at http://www.waterboards.ca.gov/water_issues/programs/enforcement/docs/enf_policy_final11709.pdf

- b. The recommended liability is further reduced to reflect the Settling Respondent's ability to pay factor after reviewing Mr. Hector Huerta's declaration from January 6, 2012. The declaration indicates that Green Valley Foods Products, Inc. reported a taxable income of \$5,257 for 2010, with \$789 in taxes due.

6. The Parties have engaged in settlement negotiations and agree to settle the matter without administrative or civil litigation and by presenting this Stipulation to the Regional Water Board for adoption as an Order 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 specific violations alleged in the Complaint except as provided in this Stipulation and that this Stipulation is in the best interest of the public.

Section III: Stipulations

The Parties stipulate to the following:

7. **Administrative Civil Liability:** The Settling Respondent hereby agrees to pay the administrative civil liability totaling \$100,000 as set forth in Paragraph 3 of Section II herein.
8. **Compliance with Applicable Laws:** The Settling Respondent understands that payment of administrative civil liability in accordance with the terms of this Order or compliance with the terms of this Order is not a substitute for compliance with applicable laws, and that continuing violations of the type alleged in the Complaint may subject them to further enforcement, including additional administrative civil liability.
9. **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.
10. **Matters Addressed by Stipulation:** Upon adoption by the Regional Water Board as an Order, this Stipulation represents a final and binding resolution and settlement of all claims, violations or causes of action alleged in the Complaint, or which could have been asserted against the Settling Respondent as of the date this stipulation is signed, based on the specific facts alleged in the Complaint or this Stipulated Order ("Covered Matters"). The provisions of this Paragraph are expressly conditioned on the full payment of the administrative civil liability by the deadlines specified in Paragraph 3 and the Settling Respondents full satisfaction of the obligations described in Paragraph 3.
11. **Public Notice:** The Settling Respondent understands that this Stipulation and proposed Order was noticed for hearing on the Complaint and thus satisfies the requirement for a public comment period prior to consideration by the Regional Water Board. In the event objections are raised during the public hearing scheduled for

January 11, 2012, the Regional Water Board or the Executive Officer may, under certain circumstances, require a public evidentiary hearing should the Regional Water Board reject the Stipulation and proposed Order. In that event, the Parties agree to meet and confer concerning any such objections, and may agree to revise or adjust the proposed Order as necessary or advisable under the circumstances.

12. **Addressing Objections Raised During Public Hearing:** The Parties agree that the procedure contemplated for adopting the Order by the Regional Water Board and review of this Stipulation by the public is lawful and adequate. In the event procedural objections are raised prior to the 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.

13. **Interpretation:** This Stipulation and Order shall be construed as if the Parties prepared it jointly. Any uncertainty or ambiguity shall not be interpreted against any one Party. The Settling Respondent is represented by counsel in this matter.

14. **Modification:** This Stipulation and 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 the Regional Water Board.

15. **If Order Does Not Take Effect:** In the event that this Order does not take effect because it is not approved by the Regional Water Board, or its delegate, or is vacated in whole or in part by the State Water Resources Control Board or a court, the Parties acknowledge that they expect to proceed to a contested evidentiary hearing before the Regional 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 Regional Water Board members or their advisors and any other objections that are 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 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.

16. **Waiver of Hearing:** The Settling Respondent has been informed of the rights provided by California Water Code section 13323, subdivision (b), and hereby waives its right to an evidentiary hearing before the Regional Water Board prior to the adoption of the Order. The Stipulation and Proposed Order will be heard as a settlement agreement before the Regional Water Board on January 11, 2012, but the hearing will not be an evidentiary hearing contesting the allegations in the Complaint.

17. **Waiver of Right to Petition:** The Settling Respondent hereby waives its right to petition the Regional Water Board's adoption of the Order for review by the State Water Resources Control Board, and further waives its rights, if any, to appeal the same to a California Superior Court and/or any California appellate level court.

18. **Settling Respondent's Covenant Not to Sue:** The Settling Respondent covenants not to sue or pursue any administrative or civil claim(s) against any State Agency or the State of California, their officers, Board Members, employees, representatives, agents, or attorneys arising out of or relating to any Covered Matter.

19. **Necessity for Written Approvals:** All approvals and decisions of the Regional Water Board under the terms of this Order shall be communicated to the Settling Respondent 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 Settling Respondent of its obligation to obtain any final written approval required by this Order.

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

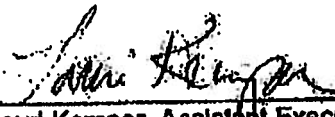
21. **Effective Date:** The obligations under Paragraph 3 of this Stipulation are effective and binding on the Parties only upon the entry of an Order by the Regional Water Board which incorporates the terms of this Stipulation.

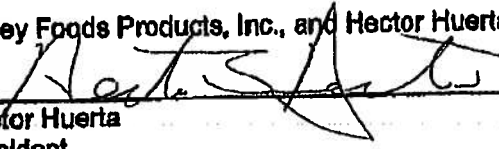
22. **Severability:** This Stipulation and Order are severable; should any provision be found invalid the remainder shall remain in full force and effect.

23. **Counterpart Signatures:** This Stipulation 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 Team
Lahontan Region

By: 
Lauri Kemper, Assistant Executive Officer
Date: January 9, 2012

Green Valley Foods Products, Inc., and Hector Huerta
By: 
Hector Huerta
President
Date: 1-9-2012

Order of the Regional Water Board

24. This Order incorporates the foregoing Stipulation.

25. In accepting the foregoing Stipulation, 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 Regional Water Board' staff in investigating the allegations in the Complaint or otherwise provided to the Regional Water Board. In addition to these factors, this settlement recovers the costs incurred by the staff of the Regional Water Board for this matter.

26. 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 (Public Resources Code, sections 21000 et seq.), in accordance with section 15321(a)(2), Title 14, of the California Code of Regulations.

Pursuant to California Water Code section 13323 and Government Code section 11415.60, **IT IS HEREBY ORDERED** on behalf of the California Lahontan Regional Water Quality Control Board.



Harold Singer
Executive Officer

Date: Jan 11, 2012