



**Central Valley Regional Water Quality Control Board**

26 October 2018

Donald Lowe  
Project Manager  
Knife River Construction  
655 W. Clay Street  
Stockton, CA 95206

**CERTIFIED MAIL**  
**91 7199 9991 7039 7061 7284**

***OFFER TO PARTICIPATE IN THE EXPEDITED PAYMENT LETTER PROGRAM RELATING TO ADMINISTRATIVE CIVIL LIABILITY R5-2018-0531 FOR ASSESSMENT OF MANDATORY MINIMUM PENALTIES, KNIFE RIVER CONSTRUCTION, FAMILY ENTERTAINMENT ZONE CONSTRUCTION DEWATERING PROJECT, SAN JOAQUIN COUNTY***

Knife River Construction (Discharger) discharges treated wastewater from the Family Entertainment Zone Construction Dewatering Project (Facility), which is regulated by Waste Discharge Requirements (WDRs) Order R5-2013-0074-160 (NPDES CAG995001). This Offer to Participate in the Central Valley Regional Water Quality Control Board's (Central Valley Water Board's) Expedited Payment Letter Program (EPL) provides the Discharger with an opportunity to resolve mandatory minimum penalties for effluent violations without a formal administrative civil liability Complaint. The alleged mandatory minimum penalty, in the amount of **three thousand dollars (\$3,000)**, represents the sum of accrued mandatory minimum penalties for effluent limitation violations specifically identified in the Record of Violations (Attachment A), attached hereto and incorporated herein by reference, as subject to mandatory minimum penalties that occurred between 1 April 2017 and 30 June 2017.

**NOTICE OF VIOLATION AND RECORD OF VIOLATION**

Based on the Discharger's self-monitoring reports, the Central Valley Water Board Prosecution Team sent the Discharger a Notice of Violation and Record of Violations (ROV) on 7 September 2018, notifying the Discharger of effluent limit violations, reporting violations, and corresponding violations of the California Water Code. The Central Valley Water Board Prosecution Team provided the Discharger with an opportunity to review and contest the violations listed in the ROV. The Discharger did not contest the violations listed in the ROV. Following the Discharger's review of the ROV, the Central Valley Water Board Prosecution Team confirmed that the violations listed in the ROV (Attachment A) are subject to mandatory minimum penalties.

## **STATUTORY LIABILITY**

Water Code sections 13385(h) and (i) require the assessment of a mandatory minimum penalty of \$3,000 for each specified serious and chronic effluent limit violations. For purposes of Water Code section 13385(h), the failure to file a discharge monitoring report required pursuant to sections 13383 for each complete period of thirty (30) days following the deadline for submitting the report constitutes a serious violation subject to a mandatory minimum penalty. The Discharger may also be subject to discretionary administrative civil liabilities pursuant to Water Code section 13385(c) of up to \$10,000 for each day in which the violation occurs, and \$10 for each gallon discharged but not cleaned up in excess of 1,000 gallons. These mandatory minimum penalties and discretionary administrative civil liabilities may be assessed by the Central Valley Water Board beginning with the date that the violations first occurred.<sup>1</sup> The formal enforcement action that the Central Valley Water Board uses to assess such liability is an administrative civil liability complaint, although the Central Valley Water Board may instead refer such matters to the Attorney General's Office for prosecution. If referred to the Attorney General for prosecution, the Superior Court may assess up to twenty-five thousand dollars (\$25,000) per violation. In addition, the Superior Court may assess up to twenty-five dollars (\$25) per gallon discharged but not cleaned up in excess of 1,000 gallons.

## **SETTLEMENT OFFER**

The Discharger can avoid the issuance of a formal enforcement action and settle the alleged violations identified in the ROV (Attachment A) by participating in the Expedited Payment Program.

To promote resolution of these violations, the Central Valley Water Board Prosecution Team makes this Conditional Offer. The Central Valley Water Board's Prosecution Team proposes to resolve these violations without the issuance of a formal enforcement action through this Expedited Payment Letter assessing **three thousand dollars (\$3,000)** in mandatory minimum penalties. If the Discharger accepts this proposal, subject to the conditions below, the Central Valley Water Board Prosecution Team will accept that payment in settlement of any enforcement action that would otherwise arise out of the violations identified in Attachment A. Accordingly, the Central Valley Water Board Prosecution Team will forego issuance of a formal administrative complaint, will not refer the violations to the Attorney General, and will waive its right to seek additional discretionary civil liabilities for the violations identified in the ROV. The Expedited Payment Program does not address or resolve liability for any violation that is not specifically identified in the ROV, regardless of the date that the violation occurred.

If the Discharger accepts this offer, please complete and return the enclosed "Acceptance of Conditional Resolution and Waiver of Right to Hearing; (proposed) Order" (Acceptance and Waiver) on or before **26 November 2018**.

## **CONDITIONS FOR CENTRAL VALLEY WATER BOARD ACCEPTANCE OF RESOLUTION**

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<sup>1</sup> Please note that there are no statutes of limitation that apply to administrative proceedings to assess mandatory minimum penalties. See *City of Oakland v. Public Employees' Retirement System*, (2002) 95 Cal.App.4th 29, 48; 3 Witkin, Cal. Procedure (4th ed. 1996) Actions, §405(2), p. 510.) Additionally, the State Water Resources Control Board had determined that the equitable doctrine of laches does not apply to mandatory minimum penalties. (State Water Board Order Nos. 2013-0053, 2013-0054, 2013-0055, 2013-0099.)

Upon receipt of the Acceptance and Waiver Form, Federal regulations require the Central Valley Water Board to publish and allow the public thirty (30) days to comment on any settlement of an enforcement action addressing NPDES permit violations (40 C.F.R. section 123.27(d)(2)(iii)). Upon receipt of the Discharger's Acceptance and Waiver, the Central Valley Water Board staff will publish a notice of the proposed resolution of the violations.

If no comments are received within the 30-day comment period, and unless there are new material facts that become available to the Central Valley Water Board, the Executive Officer will execute the Acceptance and Waiver as a stipulated order assessing the uncontested mandatory minimum penalty amount pursuant to Water Code sections 13385 and 13385.1. However, if significant comments are received in opposition to the settlement, this offer may be withdrawn. In that case, the Discharger's waiver pursuant to the Acceptance and Waiver will also be withdrawn and the violations will be addressed in an administrative civil liability hearing. At the hearing, the Discharger will be free to make arguments to any of the alleged violations, and the Discharger's prior agreement to accept this conditional offer will not in any way be binding or used as evidence against the Discharger. The Discharger will be provided with further information on the administrative civil liability hearing process.

In the event the Acceptance and Waiver is executed by the Executive Officer, full payment of the assessed amount shall be due within thirty (30) calendar days after the date the Acceptance and Waiver is executed. In accordance with California Water Code section 13385(n)(1) and California Water Code section 13385.1(c)(1), funds collected for violations of effluent limitations and reporting requirements pursuant to section 13385 and 13385.1 shall be deposited in the State Water Pollution Cleanup and Abatement Account. Accordingly, the **\$3,000** liability shall be paid by cashiers or certified check made out to the "State Water Pollution Cleanup and Abatement Account". Failure to pay the full penalty within the required time period may subject the Discharger to further liability.

If you have any questions or comments regarding this Settlement Offer, please contact Kim Sellards at (916) 464-4835 or [Kim.Sellards@waterboards.ca.gov](mailto:Kim.Sellards@waterboards.ca.gov).

Original Signed by

ANDREW ALTEVOGT  
Assistant Executive Officer

Enclosures (2): Record of Violations  
Acceptance of Conditional Resolution and Waiver of Right to Hearing

cc: Kenneth Greenberg, USEPA, Region 9, San Francisco  
David Boyers, Office of Enforcement, SWRCB, Sacramento  
Patrick Pulupa, Central Valley Water Board Advisory Team, Rancho Cordova  
Jessica Jahr, Office of Chief Counsel, SWRCB, Sacramento  
Adam Laputz, Central Valley Water Board Advisory Team, Sacramento.  
San Joaquin County Environmental Health, Stockton, CA  
Northern California Division-Stockton, P.O Box 6099, Stockton, CA 95206-0099

Offer to Participate in Expedited Payment Letter Program  
Knife River Construction  
EPL R5-2018-0531

**ACCEPTANCE OF CONDITIONAL RESOLUTION  
AND WAIVER OF RIGHT TO HEARING; (proposed) ORDER**

Knife River Construction  
Family Entertainment Zone Construction Dewatering Project  
EPL No. R5-2018-0531

By signing below and returning this Acceptance of Conditional Resolution and Waiver of Right to Hearing (Acceptance and Waiver) to the Central Valley Regional Water Quality Control Board (Central Valley Water Board), the Knife River Construction (Discharger) hereby accepts the "Offer to Participate in Expedited Payment Program" and waives the right to a hearing before the Central Valley Water Board to dispute the allegations of violations described in the Record of Violations (ROV), which is attached hereto as Attachment A and incorporated herein by reference.

The Discharger agrees that the ROV shall serve as a complaint pursuant to Article 2.5 of the California Water Code and that no separate complaint is required for the Central Valley Water Board to assert jurisdiction over the alleged violations through its Chief Prosecutor. The Discharger agrees to pay the penalties required by California Water Code section 13385, in the sum of **\$3,000** (Expedited Payment Amount), which shall be deemed payment in full of any civil liability pursuant to Water Code sections 13385 and 13385.1 that otherwise might be assessed for the violations described in the ROV. The Discharger understands that this Acceptance and Waiver waives its right to contest the allegations in the ROV and the amount of civil liability for such violations.

The Discharger understands that this Acceptance and Waiver does not address or resolve liability for any violation that is not specifically identified in the ROV.

Upon execution by the Discharger, the completed Acceptance and Waiver shall be returned to:

Kim Sellards, Supervisor for Compliance and Enforcement Section  
11020 Sun Center Drive, Suite 200  
Rancho Cordova, CA 95670  
Phone: (916) 464-4835  
[Kim.Sellards@waterboards.ca.gov](mailto:Kim.Sellards@waterboards.ca.gov)

The Discharger understands that federal regulations set forth at title 40, Code of Federal Regulations, section 123.27(d)(2)(iii) require the Central Valley Water Board to publish notice of and provide at least thirty (30) days for public comment on any proposed resolution of an enforcement action addressing NPDES permit violations. Accordingly, this Acceptance and Waiver, prior to execution by the Central Valley Water Board Executive Officer, will be published as required by law for public comment.

If no comments are received within the notice period that causes the Central Valley Water Board Executive Officer to question the Expedited Payment Amount, the Central Valley Water Board Executive Officer will execute the Acceptance and Waiver.

The Discharger understands that if significant comments are received in opposition to the Expedited Payment Amount, the offer on behalf of the Central Valley Water Board to resolve the violations set forth in the ROV may be withdrawn. In that circumstance, the Discharger will be advised of the withdrawal and an administrative civil liability complaint may be issued and the matter may be set for a hearing before the Central Valley Water Board. For such a liability hearing,

Offer to Participate in Expedited Payment Program  
Knife River Construction  
EPL R5-2018-0531

the Discharger understands that this Acceptance and Waiver executed by the Discharger will be treated as a settlement communication and will not be used as evidence in that hearing.

The Discharger further understands that once the Acceptance and Waiver is executed by the Central Valley Water Board Executive Officer, the full payment required by the deadline set forth below is a condition of this Acceptance and Waiver. In accordance with California Water Code section 13385(n)(1) and California Water Code section 13385.1(c)(1), funds collected for violations of effluent limitations and reporting requirements pursuant to sections 13385 and 13385.1 shall be deposited in the State Water Pollution Cleanup and Abatement Account. Accordingly, the **\$3,000** liability shall be paid by a cashiers or certified check made out to the "State Water Pollution Cleanup and Abatement Account". The payment must be submitted to the State Water Resources Control Board no later than thirty (30) calendar days after the date the Acceptance and Waiver is executed by the Central Valley Water Board Executive Officer.

Please mail the check to:

State Water Resources Control Board, Accounting Office  
Attn: EPL R5-2018-0531 Payment  
PO Box 1888  
Sacramento, California, 95812-1888

I hereby affirm that I am duly authorized to act on behalf of and to bind the Discharger in the making and giving of this Acceptance and Waiver.

Knife River Construction  
Family Entertainment Zone Construction Dewatering Project

By: Original Signed by \_\_\_\_\_ 12/6/2018 \_\_\_\_\_  
Signed Name Date

Steve Essoyan \_\_\_\_\_ President \_\_\_\_\_  
Printed or Typed Name Title

IT IS SO ORDERED PURSUANT TO CALIFORNIA WATER CODE SECTION 13385

By: Original signed by Adam Laputz for \_\_\_\_\_ 1/17/2019 \_\_\_\_\_  
Patrick Pulupa Date  
Executive Officer

**ATTACHMENT A TO SETTLEMENT OFFER NO. R5-2018-0531  
Record of Violations Subject to Mandatory Minimum Penalty**

**Knife River Construction  
Family Entertainment Zone Construction Dewatering Project**

RECORD OF VIOLATIONS (1 April 2017 – 30 June 2017) MANDATORY PENALTIES  
(Data reported under Monitoring and Reporting Program R5-2013-0074-160)

The following table lists the alleged violations subject to mandatory minimum penalties (MMPs), pursuant to Water Code section 13385(h) and (i).

**Table A. Violations subject to Mandatory Penalties**

Date	Parameter	Units	Limit	Measured	Period	Violation Type	MMP Type	CIWQS
6/28/2017	Chlorine, Total Residual	mg/L	0.019	0.28	1-Hour Ag.	CAT 2	SIG	1046389

**EXPEDITED PAYMENT AMOUNT VIOLATIONS SUMMARY**

<b>VIOLATIONS AS OF:</b>	<b>30 June 2017</b>
Group II Serious Violations:	1
<b>Total Violations Subject to MMPs:</b>	<b>1</b>

**Mandatory Minimum Penalty Amount for Effluent Limit Violation**

1 Serious Violation(s) x \$3,000 Violation = \$3,000

**Total Expedited Mandatory Minimum Penalty = \$3,000**

**Table B. Definition**

Abbreviation	Description
CAT 1	Violation of effluent limitation for Group I pollutant.
CAT 2	Violation of effluent limitation for Group II pollutant
CHRON	Chronic violation as defined by Water Code section 13385 (i). Any non-serious violation that falls within a 180-day period with three preceding violations. Thus, the fourth non-serious violation that occurs within a 180-day period is subject to MMPs.
CIWQS	California Integrated Water Quality System database. <a href="https://www.waterboards.ca.gov/water_issues/programs/ciwqs/">https://www.waterboards.ca.gov/water_issues/programs/ciwqs/</a>
CTOX	Violation of chronic toxicity effluent limitation.
DREP	Deficient reporting violation. This will only result in MMPs if the report is so deficient as to make determination of compliance impossible for the reporting period.
LREP	Late Reporting violation. Every 30-Days a report is late counts as one serious late reporting violation subject to MMPs.
Measured	Reported value for the monitoring period by the Discharger.
MMP Type	Classification of the type of MMP violation.
Occurrence Date	Date that a violation occurred. For averaging period limitation violations, such as weekly and monthly averages, the last day of the reporting period is used such as last day of the week (Saturday) and last day of the month, respectively.
OEVI	Violation of any constituent-specific effluent limitation not included in Group I or Group II.
NCHRON	Non-serious violation falls within the first three violations in a 180-day period, thus, not subject to MMP.
SIG	Serious Violation: <ul style="list-style-type: none"> <li>▪ For Group I pollutants that exceed the effluent limitation by 40 percent or more.</li> <li>▪ For Group II pollutants that exceed the effluent limitation by 20 percent or more.</li> </ul>