

Exhibit 2 - Settlement Offer Calculations

Compressed Administrative Civil Liability
Settlement Offer Calculator Summary
Order No. R9-2017-0095

Allegation of Violation	Civil Liability				
	Maximum	Minimum	Initial	Base	Final
Allegation No. 1: Failure to Implement Best Management Practices (BMPs)	\$10,000	\$2,894	\$5,500	\$8,652	\$8,652
Allegation No. 2: Failure to Submit Annual Report	\$10,000	\$724	\$3,500	\$6,006	\$724
Allegation No. 3: Failure to Develop and Update the Storm Water Pollution Prevention Plan (SWPPP)	\$10,000	\$2,200	\$5,500	\$9,438	\$9,438
Allegation No. 4: Failure to Pay Annual Fees	\$10,000	\$245	\$3,500	\$6,006	\$245

Total Maximum Civil Liability	\$40,000
-------------------------------	----------

Total Minimum Civil Liability	\$6,063
-------------------------------	---------

Total Final Civil Liability	\$19,059
------------------------------------	-----------------

Allegation No. 1: Failure to Implement Best Management Practices (BMPs)

Harrison Trucking Inc. violated section H.1 of Order No. 2014-0057-DWQ by failing to implement BMPs to reduce or prevent pollutants associated with industrial activities in storm water discharges on April 11, 2017. For the purpose of an expedited settlement, the Prosecution Team is willing to consider all BMP violations as one violation.

PENALTY FACTOR	VALUE	DISCUSSION
Discharge Violations	n/a	This step is not applicable because the violation is not a discharge violation.
Potential for Harm	Moderate	<p>The Prosecution Team assigned a Potential for Harm score of "moderate" to this violation because: 1) San Diego Water Board inspectors observed oil and grease discharges to the ground and exposed to storm water at numerous locations from leaking vehicles and spills. The discharge of oil and grease from leakage and wastage to surface waters can cause physical fouling of aquatic habitats, can deplete oxygen supplies to aquatic organisms, and in sufficient quantities can render water supplies unfit for human consumption; 2) San Diego Water Board inspectors observed stockpiled soil with no containment exposed to storm water. Suspended sediment in surface waters can cause a significant risk or threat to aquatic organisms by abrasion of surface membranes, interference with respiration, and sensory perception in aquatic fauna. Suspended sediment can reduce photosynthesis in and survival of aquatic flora by limiting the transmittance of light. The discharge of sand to receiving waters can be lethal when it smothers benthic communities. Excess settleable solids can smother benthic communities and alter the hydrology of a water body, which in turn can cause habitat type conversion. Implementation of BMPs, in accordance with Order No. 2014-0057-DWQ, will reduce or eliminate the discharge of wastes from the site.</p> <p>Harrison Trucking is located in the San Diego River Hydrologic Unit and is in close proximity to Forester Creek, a tributary to the San Diego River. The San Diego River is a Clean Water Act section 303(d) listed waterbody impaired for enterococcus, fecal coliform, low dissolved oxygen, manganese, nitrogen, phosphorus, total dissolved solids, and toxicity. Forester Creek is also a Clean Water Act section 303(d) listed waterbody impaired for fecal coliform, selenium, total dissolved solids, pH.</p>
Deviation from Requirement	Major	The Prosecution Team assigned a Deviation from Requirement score of "major" to this violation because Harrison Trucking Inc. failed to implement several BMPs to reduce or prevent pollutants associated with industrial activities in storm water discharges, rendering the requirements ineffective in their essential functions.
Per Day Factor	0.55	Determined from Table 3 in the Enforcement Policy. The middle value was chosen.
Days of Violation	1	San Diego Water Board staff observed BMPs not implemented on April 11, 2017.
Initial Liability for Allegation No. 1	\$5,500	The initial liability is calculated as per day factor multiplied by the number of days multiplied by the maximum liability per day.
Culpability	1.3	Harrison Trucking Inc. applied for and received permit coverage under Order No. 2014-0057-DWQ and has been operating for at least four years. Therefore, Harrison Trucking Inc. was aware of the requirements of Order No. 2014-0057-DWQ.
Cleanup and Cooperation	1.1	Harrison Trucking Inc. made little to no effort to demonstrate that corrective actions had been taken to resolve the cited deficiencies.
History of Violations	1.1	Records provided by the City of Santee indicate that five-compliance inspections were performed. The City issued two Notices to Comply and one Notice of Violation. The City of Santee observed a lack of BMPs, inadequate BMPs, poor housekeeping, and inadequate SWPPP. The San Diego Water Board has performed seven-compliance inspections and issued 13 formal and informal enforcement actions, which includes five Notices of Non-compliance, three Notices of Violation, two Staff Enforcement Letters, two Verbal Enforcement Notifications, and one Notice to Comply. Violations against Order No. 2014-0057-DWQ include a lack of BMPs, inadequate BMPs, poor housekeeping, non-storm water discharges, inadequate reporting, failure to report, and failure to pay annual fees.
Total Base Liability for Allegation No. 1	\$8,652	The total base liability is calculated as the initial liability multiplied by the culpability, cleanup and cooperation, and history of violation factors.
Ability to Pay	Yes	Based on publicly available information, the Prosecution Team concludes that Harrison Trucking, Inc. should have the ability to pay the Total Base Liability Amount.
Other Factors as Justice May Require	None	The cost of investigation and enforcement are "other factors as justice may require," and could be added to the liability amount. The San Diego Water Board has incurred over \$5,000 in staff costs associated with the investigation and enforcement of the alleged violations. While this amount could be added to the penalty, it is not added at this time, as a settlement consideration.
Maximum Liability	\$10,000	Based on California Water Code section 13385: \$10,000 per day per violation and \$10 per gallon.
Minimum Liability	\$2,894	Based on California Water Code section 13385: civil liability must be at least the economic benefit of non-compliance. Per the Enforcement Policy, the minimum liability is to be the economic benefit plus 10%.
Final Liability for Allegation No. 1	\$8,652	The final liability amount is the total base liability plus any adjustment for the ability to pay, economic benefit, and other factors. The final liability must be more than the minimum liability and less than the maximum liability.

Allegation No. 2: Failure to Submit Annual Report

Harrison Trucking Inc. violated sections XVI and O of Order No. 2014-0057-DWQ by failing to submit and upload to the Storm Water Multiple Application and Report Tracking System (SMARTS) the fiscal year (FY) 2015-2016 annual report by the required due date of July 1, 2016.

PENALTY FACTOR	VALUE	DISCUSSION
Discharge Violations	n/a	This step is not applicable because the violation is not a discharge violation.
Potential for Harm	Minor	The Prosecution Team has assigned a Potential for Harm score of "minor" for this violation because it presents no direct threat to beneficial uses although it does harm to the regulatory program by contributing to an incomplete assessment of water quality data provided in monitoring reports.
Deviation from Requirement	Major	The Prosecution Team assigned a Deviation from Requirement score of "major" because Harrison Trucking Inc. failed to submit the annual report for fiscal year 2015-2016, thereby rendering the requirement wholly ineffective.
Per Day Factor	0.35	Determined from Table 3 in the Enforcement Policy. The middle value was chosen.
Days of Violation	1	San Diego Water Board staff reviewed the SMARTS database and identified the annual report for FY 2015-2016 had not been submitted and uploaded into SMARTS as of April 11, 2017.
Initial Liability for Allegation No. 2	\$3,500	The initial liability is calculated as per day factor multiplied by the number of days multiplied by the maximum liability per day.
Culpability	1.3	Harrison Trucking Inc. applied for and received permit coverage under Order No. 2014-0057-DWQ and has been operating for at least four years. Therefore, Harrison Trucking Inc. was aware of the requirements of Order No. 2014-0057-DWQ.
Cleanup and Cooperation	1.2	Harrison Trucking Inc., to date, has failed to submit the required annual report for FY 2015-2016.
History of Violations	1.1	Records provided by the City of Santee indicate that five-compliance inspections were performed. The City issued two Notices to Comply and one Notice of Violation. The City of Santee observed a lack of BMPs, inadequate BMPs, poor housekeeping, and inadequate SWPPP. The San Diego Water Board has performed seven-compliance inspections and issued 13 formal and informal enforcement actions, which includes five Notices of Non-compliance, three Notices of Violation, two Staff Enforcement Letters, two Verbal Enforcement Notifications, and one Notice to Comply. Violations against Order No. 2014-0057-DWQ include a lack of BMPs, inadequate BMPs, poor housekeeping, non-storm water discharges, inadequate reporting, failure to report, and failure to pay annual fees.
Total Base Liability for Allegation No. 2	\$6,006	The total base liability is calculated as the initial liability multiplied by the culpability, cleanup and cooperation, and history of violation factors.
Ability to Pay	Yes	Based on publicly available information, the Prosecution Team concludes that Harrison Trucking, Inc. should have the ability to pay the Total Base Liability Amount.
Other Factors as Justice May Require	Yes	California Water Code section 13399.31 requires that if after receiving two Notices of Noncompliance, a discharger still has not submitted the annual report, it is subject to a mandatory penalty of not less than \$1,000, plus staff costs. Due to workload constraints, the San Diego Water Board did not issue Harrison Trucking Inc. the required notices to trigger the mandatory penalty; therefore, this violation is assessed pursuant to California Water Code section 13385. The Prosecution Team has determined that the calculated penalty amount is excessive for the violation. And, in order to make the penalty assessment similar to the mandatory penalty amount, the civil liability recommended for this violation is adjusted to the minimum liability amount of \$724.
Maximum Liability	\$10,000	Based on California Water Code section 13385: \$10,000 per day per violation and \$10 per gallon.
Minimum Liability	\$724	Based on California Water Code section 13385: civil liability must be at least the economic benefit of non-compliance. Per the Enforcement Policy, the minimum liability is to be the economic benefit plus 10%.
Final Liability for Allegation No. 2	\$724	The final liability amount is equal to the minimum penalty amount. The final liability must be no less than the minimum liability and no more than the maximum liability.

Allegation No. 3: Failure to Develop and Update the Storm Water Pollution Prevention Plan (SWPPP)

Harrison Trucking Inc. violated section X of Order No. 2014-0057-DWQ by failing to develop and update an adequate SWPPP and required site map, and failing to provide the SWPPP during the facility inspection report.

PENALTY FACTOR	VALUE	DISCUSSION
Discharge Violations	n/a	This step is not applicable because the violation is not a discharge violation.
Potential for Harm	Moderate	The Prosecution Team assigned a Potential for Harm score of "moderate" to this violation because the Harrison Trucking Inc. failed to develop and update the SWPPP required by sections I and N of Order No. 2014-0057-DWQ. SWPPPs require Harrison Trucking Inc. to describe the action to be performed to achieve compliance with Order No. 2014-0057-DWQ. Failure to develop and update the SWPPP creates an absense of guidance for Harrison Trucking Inc. to implement and maintain BMPs, which may result in additional violations of Order No. 2014-0057-DWQ, impairment of beneficial uses and water quality, and threaten and harm aquatic plants and animals.
Deviation from Requirement	Major	The Prosecution Team assigned a Deviation from Requirement score of "major" because Harrison Trucking Inc. failed to update the SWPPP, thereby rendering the requirement ineffective.
Per Day Factor	0.55	Determined from Table 3 in the Enforcement Policy. The middle value was chosen.
Days of Violation	1	San Diego Water Board staff review of the SMARTS database identified the SWPPP had not been updated as of April 11, 2017. During the April 11, 2017 inspection, Harrison Trucking Inc. failed to allow San Diego Water Board inspectors to view the SWPPP records maintained on site.
Initial Liability for Allegation No. 3	\$5,500	The initial liability is calculated as per day factor multiplied by the number of days multiplied by the maximum liability per day.
Culpability	1.3	Harrison Trucking Inc. applied for and received permit coverage under Order No. 2014-0057-DWQ. Therefore, Harrison Trucking Inc. was aware of the requirements of Order No. 2014-0057-DWQ. During the April 11, 2017 inspection, Harrison Trucking Inc. was reminded that a updated SWPPP is required.
Cleanup and Cooperation	1.2	The Enforcement Policy defines the Cleanup and Cooperation factor as the extent to which Harrison Trucking Inc. voluntarily cooperated in returning to compliance and correcting environmental damage, including any voluntary cleanup efforts taken, with an adjustment multiplier between 0.75 and 1.5. The Prosecution Team assigns a Cleanup and Cooperation multiplier of 1.2 to this violation because Harrison Trucking Inc. elected to withhold the records maintained onsite during the April 11, 2017 inspection, thereby demonstrating an unwillingness to cooperate or return to compliance.
History of Violations	1.1	Records provided by the City of Santee indicate that five-compliance inspections were performed. The City issued two Notices to Comply and one Notice of Violation. The City of Santee observed a lack of BMPs, inadequate BMPs, poor housekeeping, and inadequate SWPPP. The San Diego Water Board has performed seven-compliance inspections and issued 13 formal and informal enforcement actions, which includes five Notices of Non-compliance, three Notices of Violation, two Staff Enforcement Letters, two Verbal Enforcement Notifications, and one Notice to Comply. Violations against Order No. 2014-0057-DWQ include a lack of BMPs, inadequate BMPs, poor housekeeping, non-storm water discharges, inadequate reporting, failure to report, and failure to pay annual fees.
Total Base Liability for Allegation No. 3	\$9,438	The total base liability is calculated as the initial liability multiplied by the culpability, cleanup and cooperation, and history of violation factors.
Ability to Pay	Yes	Based on publicly available information, the Prosecution Team concludes that Harrison Trucking, Inc. should have the ability to pay the Total Base Liability Amount.
Other Factors as Justice May Require	None	The cost of investigation and enforcement are "other factors as justice may require," and could be added to the liability amount. The San Diego Water Board has incurred over \$5,000 in staff costs associated with the investigation and enforcement of the alleged violations. While this amount could be added to the penalty, it is not added at this time.
Maximum Liability	\$10,000	Based on California Water Code section 13385: \$10,000 per day per violation and \$10 per gallon.
Minimum Liability	\$2,200	Based on California Water Code section 13385: civil liability must be at least the economic benefit of non-compliance. Per the Enforcement Policy, the minimum liability is to be the economic benefit plus 10%.
Final Liability for Allegation No. 3	\$9,438	The final liability amount is the total base liability plus any adjustment for the ability to pay, economic benefit, and other factors. The final liability must be more than the minimum liability and less than the maximum liability.

Allegation No. 4: Failure to Pay Annual Fees

Harrison Trucking Inc. violated section C of Order No. 2014-0057-DWQ by failing to pay the annual fee for coverage under Order No. 2014-0057-DWQ for FY 2015-2016. For the purpose of an expedited settlement, the Prosecution Team is not considering additional violations for other past due annual fees. However, all unpaid annual fees remain past due and payable, and this settlement offer does not include those fees.

PENALTY FACTOR	VALUE	DISCUSSION
Discharge Violations	n/a	This step is not applicable because the violation is not a discharge violation.
Potential for Harm	Minor	The Prosecution Team has assigned a Potential for Harm score of "minor" for this violation because it presents no direct threat to beneficial uses although it does harm to the regulatory program.
Deviation from Requirement	Major	The Prosecution Team assigned a Deviation from Requirement score of "major" because Harrison Trucking Inc. failed to pay the annual fee for fiscal year 2015-2016, thereby rendering the requirement wholly ineffective.
Per Day Factor	0.35	Determined from Table 3 in the Enforcement Policy. The middle value was chosen.
Days of Violation	1	San Diego Water Board staff review of the SMARTS database identified a non-payment of the annual fee for FY2015-2016, as of April 11, 2017.
Initial Liability for Allegation No. 4	\$3,500	The initial liability is calculated as per day factor multiplied by the number of days multiplied by the maximum liability per day.
Culpability	1.3	Harrison Trucking Inc. applied for and received permit coverage under Order No. 2014-0057-DWQ and has been operating for at least four years. Therefore, Harrison Trucking Inc. was aware of the requirements of Order No. 2014-0057-DWQ.
Cleanup and Cooperation	1.2	Discharger made no efforts to pay the FY 2015-2016 annual fee, despite receiving payment notifications.
History of Violations	1.1	Records provided by the City of Santee indicate that five-compliance inspections were performed. The City issued two Notices to Comply and one Notice of Violation. The City of Santee observed a lack of BMPs, inadequate BMPs, poor housekeeping, and inadequate SWPPP. The San Diego Water Board has performed seven-compliance inspections and issued 13 formal and informal enforcement actions, which includes five Notices of Non-compliance, three Notices of Violation, two Staff Enforcement Letters, two Verbal Enforcement Notifications, and one Notice to Comply. Violations against Order No. 2014-0057-DWQ include a lack of BMPs, inadequate BMPs, poor housekeeping, non-storm water discharges, inadequate reporting, failure to report, and failure to pay annual fees.
Total Base Liability for Allegation No. 4	\$6,006	The total base liability is calculated as the initial liability multiplied by the culpability, cleanup and cooperation, and history of violation factors.
Ability to Pay	Yes	Based on publicly available information, the Prosecution Team concludes that Harrison Trucking, Inc. should have the ability to pay the Total Base Liability Amount.
Other Factors as Justice May Require	Yes	The Enforcement Policy's penalty calculation methodology calculated a penalty for failing to pay the FY 2015-2016 annual fee. The Prosecution Team has determined that the calculated penalty amount is excessive for the violation. Therefore, the recommended civil liability for this violation has been adjusted to the minimum liability amount of \$245. The recommended civil liability does not capture the original fee or delinquent fees. In other words, this violation is ongoing and the original fee and all delinquent fee payments remain due and payable until they are paid in full by Harrison Trucking Inc.
Maximum Liability	\$10,000	Based on California Water Code section 13385: \$10,000 per day per violation and \$10 per gallon.
Minimum Liability	\$245	Based on California Water Code section 13385: civil liability must be at least the economic benefit of non-compliance. Per the Enforcement Policy, the minimum liability is to be the economic benefit plus 10%.
Final Liability for Allegation No. 4	\$245	The final liability amount is the total base liability plus any adjustment for the ability to pay, economic benefit, and other factors. The final liability must be more than the minimum liability and less than the maximum liability.