



San Diego Regional Water Quality Control Board

October 4, 2024

Sent by Email Only

Jimmy Huynh, Project Manager
Kiewit Shea, Joint Venture
10704 Shoemaker Ave
Santa Fe Springs, CA 90670
jimmy.huynh@kiewit.com

In reply refer to:
640063:jchhor

Subject: Settlement Offer No. R9-2024-0147 Related to Violations of Order R9-2015-0013, National Pollutant Discharge Elimination System No. CAG919003 for Poseidon Resources (Channelside) LP Co., Claude "Bud" Lewis Carlsbad Desalination Plant, Carlsbad, CA 92008, Discharge to the Pacific Ocean

Dear Jimmy Huynh:

Poseidon Resources (Channelside) LP Co. (Permittee) is hereby notified of alleged violations of Order R9-2015-0013, National Pollutant Discharge Elimination System (NPDES) No. CAG919003, *General Waste Discharge Requirements for Groundwater Extraction Discharges to Surface Waters within the San Diego Region* (General Order), and of the opportunity to participate in an expedited settlement process to address liability that may be assessed pursuant to California Water Code (Water Code) section 13385.

ALLEGED VIOLATIONS SUBJECT TO THIS OFFER

As detailed in the attached *Notice of Violation of R9-2015-0013, NPDES No. CAG919003, Subject to Mandatory Minimum Penalties, Poseidon Resources (Channelside) LP Co., Claude "Bud" Lewis Carlsbad Desalination Plant, Carlsbad, CA 92008, Discharge to the Pacific Ocean* (Exhibit A), the California Regional Water Quality Control Board, San Diego Region (San Diego Water Board) alleges that the Permittee has violated the General Order. Exhibit A is incorporated into and made part of this Settlement Offer by reference.

STATUTORY LIABILITY

The Permittee is subject to the following statutory liabilities:

1. Water Code sections 13385(h) and 13385.1(a) require the assessment of a \$3,000 mandatory minimum penalty for each serious violation, as defined in the referenced sections.
2. Water Code section 13385(i) requires the assessment of a \$3,000 mandatory minimum penalty for each non-serious violation within 180 days, as defined in the referenced section, except the mandatory minimum penalty is not applicable to the first three non-serious violations within the 180 days.

The formal enforcement action that the San Diego Water Board uses to assess such liability is an Administrative Civil Liability (ACL) complaint that may also include discretionary penalties¹ and staff cost,² followed by a public hearing on the matter. The San Diego Water Board may instead refer such matters to the Attorney General's Office for prosecution. If referred to the Attorney General's Office for prosecution, the Superior Court may assess up to \$25,000 for each day in which the violations occur, and \$25 for each gallon discharged but not cleaned up in excess of 1,000 gallons.

SETTLEMENT OFFER

The Permittee can avoid a formal enforcement action and settle the alleged violations by accepting the San Diego Water Board's ACL Settlement Offer, as detailed herein. The Permittee may accept this Settlement Offer, waive its right to a hearing, and pay the mandatory minimum penalty of **\$3,000** for the alleged violations identified in Exhibit A. If the Permittee accepts this Settlement Offer, the San Diego Water Board, or its delegate, will execute the Settlement Offer, subject to the conditions below. Accordingly, the San Diego Water Board will forego issuance of an ACL complaint, will not refer the violations to the Attorney General's Office, will not charge incurred staff costs, and will waive its right to seek additional discretionary civil liabilities for the violations identified in Exhibit A.

The Expedited Payment Program does not address or resolve liability for any violation that is not specifically identified in Exhibit A regardless of the date that the violation occurred.

OPTIONS FOR RESPONSE TO OFFER

1. If the Permittee accepts this Settlement Offer, the Permittee shall complete and return the attached *Acceptance of Conditional Resolution and Waiver of Right to Hearing for Settlement Offer No. R9-2024-0147, Poseidon Resources (Channelside) LP Co., Claude "Bud" Lewis Carlsbad Desalination Plant, Carlsbad, CA 92008, Discharge to the Pacific Ocean* (Acceptance and Waiver, Exhibit B) on or before 5 p.m. on November 4, 2024.
 - a. In lieu of paying all of the mandatory minimum penalty to the State Water Pollution Cleanup and Abatement Account, the Permittee may elect to apply up to \$3,000 of the penalty to fund a supplemental environmental project (SEP). The remaining penalty must be paid to the State Water Pollution Cleanup and Abatement Account. One SEP option is available to the Permittee in this settlement: a SEP that supplements the Bight Regional Monitoring Program (RMP), which is administered by the Southern California Coastal Water Research Project (SCCWRP). This SEP must supplement RMP work that would not otherwise be funded by the RMP's existing

¹ Water Code section 13385(c) allows for discretionary administrative civil liability of up to \$10,000 for each day in which the violations occur, and \$10 for each gallon discharged but not cleaned up in excess of 1,000 gallons.

² Water Code section 13385(e) allows for the reimbursement of staff costs.

workplan(s). The [Bight RMP](#)³ is an ongoing marine monitoring collaboration that examines how human activities have affected the health of more than 1,500 square miles of Southern California's coastal waters. Monitoring objectives are designed to answer questions like "Is it safe to swim?" and "Are fish and shellfish safe to eat?" No funds will go to the Water Boards, and the Permittee's obligation to complete the SEP is released upon proof of payment to SCCWRP.

- b. If the Permittee does not choose to fund a SEP, they must pay the total mandatory minimum penalty amount to the State Water Pollution Cleanup and Abatement Account.

Both options are represented in the enclosed Acceptance and Waiver.

2. If the Permittee chooses to contest the alleged violations in Exhibit A, the Permittee shall submit a written response that identifies the specific violations and details the basis for the challenge (factual error, affirmative defense, etc.) to the San Diego Water Board on or before 5 p.m. on November 4, 2024. The San Diego Water Board will evaluate the contested violations and take one of two actions:
 - a. If the San Diego Water Board determines the violations are not supported, it will expunge the alleged violations, take no further action against the Permittee for the alleged violations, and notify the Permittee in writing of that determination; or
 - b. If the San Diego Water Board determines the alleged violations are meritorious, it will notify the Permittee of that determination. The Permittee will be given 30 days from the date of receipt of the San Diego Water Board determination to either accept the Settlement Offer by completing and returning the Acceptance and Waiver to the San Diego Water Board, or to reject the Settlement Offer.
3. If the Permittee does not respond to or rejects this Settlement Offer, the San Diego Water Board will initiate a formal enforcement action to resolve the alleged violations. In a formal enforcement action, the liability amount sought and/or imposed may exceed the liability amount set forth in this Settlement Offer. Moreover, the staff costs of investigating the violations and proceeding with a formal enforcement action are factors that will be considered in assessing the liability amount.

CONDITIONS FOR SAN DIEGO WATER BOARD ACCEPTANCE OF RESOLUTION

Pursuant to title 40 of the Code of Federal Regulations, section 123.27(d)(2)(iii), the San Diego Water Board is required to publish and allow the public 30 days to comment on any settlement of an enforcement action addressing alleged violations of the NPDES

³ <https://www.sccwrp.org/about/research-areas/regional-monitoring/southern-california-bight-regional-monitoring-program/bight-program-documents/>

permit conditions. Upon receipt of the Permittee's Acceptance and Waiver, the San Diego Water Board 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 San Diego Water Board, the San Diego Water Board, or its delegate, will execute the Acceptance and Waiver as a stipulated order assessing the uncontested mandatory minimum penalty amount pursuant to Water Code sections 13385(h), 13385(i), 13385.1(a), or any combination thereof.

If, however, significant comments are received in opposition to the settlement, this Settlement Offer may be withdrawn. In that case, the Permittee's waiver pursuant to the Acceptance and Waiver will also be treated as withdrawn, and the violations will be addressed in a liability assessment proceeding before the San Diego Water Board, or its delegate. At the liability assessment hearing, the Permittee will be free to make arguments as to the alleged violations, and the Permittee's agreement to accept this Settlement Offer will not in any way be binding or used as evidence against the Permittee. The Permittee will be provided with further information in advance of the liability assessment proceeding.

In the event the Acceptance and Waiver is executed by the San Diego Water Board, or its delegate, full payment of the assessed amount shall be due within 30 calendar days of the San Diego Water Board's, or its delegate's, execution. Failure to pay the full liability within the required time period may subject the Permittee to further liability.

In the subject line of any response, please include the following: 640063:jchhor. For questions or concerns regarding this letter, please contact James Chhor by phone at (619) 521-5899 or by email at james.chhor@waterboards.ca.gov.

Respectfully,

Kelly Dorsey, P.G.
Assistant Executive Officer
San Diego Water Board

Attachments:

Exhibit A: Notice of Violation of Order R9-2015-0013, NPDES No. CAG919003, Subject to Mandatory Minimum Penalties, Poseidon Resources (Channelside) LP Co., Claude "Bud" Lewis Carlsbad Desalination Plant, Carlsbad, CA 92008, Discharge to the Pacific Ocean

Exhibit B: Acceptance of Conditional Resolution and Waiver of Right to Hearing for Settlement Offer No. R9-2024-0147, Poseidon Resources (Channelside) LP Co., Claude "Bud" Lewis Carlsbad Desalination Plant, Carlsbad, CA 92008, Discharge to the Pacific Ocean

Jimmy Huynh
Poseidon Resources (Channelside) LP Co.
Settlement Offer No. R9-2024-0147

October 4, 2024

cc:

Kelly Dorsey, San Diego Water Board, Kelly.Dorsey@waterboards.ca.gov
Chiara Clemente, San Diego Water Board, Chiara.Clemente@waterboards.ca.gov
Kate Buckley, San Diego Water Board, Kate.Buckley@waterboards.ca.gov
Wayne Chiu, San Diego Water Board, Wayne.Chiu@waterboards.ca.gov
Steve Barry, Kiewit Shea, Joint Venture, steve.barry@jfshea.com
Joaquim Sum, Kiewit-Shea Joint Venture, joaquim.sum@jfshea.com

Tech Staff Info & Use	
Order	R9-2015-0013
NPDES Permit	CAG919003
CW Place ID (Claude "Bud" Lewis Carlsbad Desalination Plant)	640063
CW Party/Organization ID (Poseidon Resources (Channelside) LP Co.)	522151
CW Party/Person ID (Jimmy Huynh)	639358
CW Regulatory Measure (General Order)	400619
CW Regulatory Measure (Enrollment)	452989
CW Regulatory Measure (EPL)	458282
WDID	9 000003898

EXHIBIT A

**NOTICE OF VIOLATION OF ORDER R9-2015-0013,
NPDES PERMIT NO. CAG919003,
SUBJECT TO MANDATORY MINIMUM PENALTIES,
POSEIDON RESOURCES (CHANNELSIDE) LP CO.,
CLAUDE "BUD" LEWIS DESALINATION PLANT, CARLSBAD, CA 92008,
DISCHARGE TO THE PACIFIC OCEAN**

The following table lists the alleged violations subject to mandatory minimum penalties (MMPs) pursuant to Water Code section 13385(h), 13385(i), 13385.1(a), or any combination thereof. For additional information about the alleged violations listed in the table:

1. Refer to the [State Water Resources Control Board Public Reports](#) webpage;
2. Choose the "MMP Report" link located under the "Violations Reports" category;
and
3. Enter the search criteria.

Table 1. Effluent Violations Subject to Mandatory Penalties

Violation ID	Occurrence Date	Parameter	Units	Permit Limit	Measured	Period	Comments
1131560	11/30/2023	Grease and Oil	mg/L	25	35	Average Monthly	1/\$3000

Comments:

1. Serious violation: For Group 1 pollutants that exceed the effluent limitation by 40% or more.
2. Serious Violation: For Group 2 pollutants that exceed the effluent limitation by 20% or more.
3. Non-serious violation not subject to MMPs: the violation falls within the first three violations within a 180-day period.
4. Non-serious violation subject to MMPs: the violation has at least three preceding violations within a 180-day period.

PENALTY AMOUNT

MMP Amount for Effluent Violations

1 Serious Violation × \$3,000 per Serious Violation = \$3,000 MMP Amount

Total Penalty Amount = \$3,000

EXHIBIT B

ACCEPTANCE OF CONDITIONAL RESOLUTION AND WAIVER OF RIGHT TO HEARING FOR SETTLEMENT OFFER NO. R9-2024-0147, POSEIDON RESOURCES (CHANNELSIDE) LP CO., CLAUDE "BUD" LEWIS DESALINATION PLANT, CARLSBAD, CA 92008, DISCHARGE TO THE PACIFIC OCEAN

By signing below and returning this *Acceptance of Conditional Resolution and Waiver of Right to Hearing* (Acceptance and Waiver) to the California Regional Water Quality Control Board, San Diego Region (San Diego Water Board), Poseidon Resources (Channelside) LP Co. (Permittee) hereby accepts the *Offer to Participate in the Expedited Payment Program* and waives the right to a hearing before the San Diego Water Board to dispute the alleged violations identified in Exhibit A of the Settlement Offer, which is attached hereto and incorporated herein by reference.

The Permittee agrees that the Settlement Offer shall serve as a complaint pursuant to Article 2.5 of the Water Code and that no separate complaint is required for the San Diego Water Board to assert jurisdiction over the alleged violations through its Chief Prosecutor. The Permittee agrees to pay the penalties required by Water Code section 13385(h), 13385(i), 13385.1(a), or any combination thereof, in the sum of **\$3,000** (Penalty Amount), which shall be deemed payment in full of any civil liability pursuant to Water Code section 13385 that otherwise might be assessed for the violations identified in the Settlement Offer. The Permittee understands that this Acceptance and Waiver waives the Permittee's right to contest the allegations in the Settlement Offer and the amount of civil liability for such violation.

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

Upon execution by the Permittee, the completed Acceptance and Waiver shall be submitted by email to SanDiego@waterboards.ca.gov, attention 640063:JChhor.

The Permittee understands that federal regulations set forth at title 40 of the Code of Federal Regulations, section 123.27(d)(2)(iii), require the San Diego Water Board to publish notice of and provide at least 30 days for public comment on any proposed resolution of an enforcement action addressing National Pollutant Discharge Elimination System (NPDES) permit violations. Accordingly, this Acceptance and Waiver, prior to execution by the San Diego Water Board, or its delegate, will be published as required by law for public comment.

During the public comment period, if no comments are received that cause the San Diego Water Board, or its delegate, to question the Settlement Offer, the San Diego Water Board, or its delegate, will execute the Acceptance and Waiver.

The Permittee understands that if significant comments are received in opposition to the Settlement Offer, the offer may be withdrawn. In that circumstance, the Permittee 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 San Diego Water Board. For such a liability hearing, the Permittee understands that this Acceptance and Waiver executed by the Permittee will be treated as a settlement communication and will not be used as evidence in that hearing.

Exhibit B

Acceptance of Conditional Resolution and Waiver of Right to Hearing for Settlement Offer No. R9-2024-0147 B-2

The Permittee further understands that, in lieu of full payment of the assessed mandatory minimum penalty to the State Water Pollution Cleanup and Abatement Account, all or a portion of the penalty payment may be made by the Permittee toward a supplemental environment project (SEP). The SEP option available to the Permittee is the Bight SEP Fund, which supplements Regional Monitoring Program (RMP) studies that would not otherwise be conducted through the RMP's existing cost allocations.

The Permittee further understands that once the Acceptance and Waiver is executed by the San Diego Water Board or its delegate, full payment is due no later than 30 days after the date of execution, as a condition of this Acceptance and Waiver. The Permittee shall pay the assessed civil liability to the State Water Pollution Cleanup and Abatement Account and/or the Southern California Coastal Water Research Project (SCCWRP, for the Bight SEP fund) in accordance with the payment option selected below.

The Permittee agrees to pay the amounts indicated below to the State Water Pollution Cleanup and Abatement Account and, if the applicable payment option is selected, the Bight SEP Fund, in accordance with the Payment Instructions below. The Permittee understands that the San Diego Water Board will consider the Permittee to have fulfilled its SEP obligation when SCCWRP receives the Permittee's contribution to the SEP Fund.

Payment Instructions:

Only to be completed if this Acceptance Waiver is executed by the San Diego Water Board, or its delegate.

SCCWRP Bight RMP SEP Fund

Payments must be made to SCCWRP and made out to the "Southern California Coastal Water Research Project" with the Settlement Offer Number (R9-2024-0147) written on the check. Payment must be mailed to the following address:

SCCWRP
Attn: Bight RMP SEP Funds
3535 Harbor Blvd., Suite 110
Costa Mesa, CA 92626

State Water Pollution Cleanup and Abatement Account

Payments must be made to the State Water Pollution Cleanup and Abatement Account and made out to the "State Water Pollution Cleanup and Abatement Account" with the Settlement Offer Number (R9-2024-0147) written on the check. Payment must be mailed to the following address:

State Water Resources Control Board, Accounting Office,
Attn: ACL Payment
P.O. Box 1888
Sacramento, CA 95812-1888

Verification of Payment

For tracking purposes, a copy of any issued checks must also be provided to the San Diego Water Board via email to SanDiego@waterboards.ca.gov, attention 640063:JChhor, or by mail to:

San Diego Water Board
Attn: 640063:JChhor
2375 Northside Drive, Suite 100,
San Diego, CA 92108

Payment Options:

Mark **one** of the “Option” boxes below and fill in the blank fields as appropriate. Electing to pay all or a portion of the assessed liability to the SEP Fund will not change the total amount to be paid.

Option 1: Pay all or a portion of the assessed liability to the Bight RMP SEP Fund:

Amount to be paid to the SEP Fund (cannot exceed \$3,000)

\$

Amount to be paid to the State Water Pollution Cleanup and Abatement Account (\$3,000 minus amount inserted above)

\$

\$ **3,000** Total assessed mandatory minimum penalty (sum of amounts above).

Or

Option 2: Pay the total assessed mandatory minimum liability (\$3,000) to the State Water Pollution Cleanup and Abatement Account.

SETTLEMENT OFFER NO. R9-2024-147, EXHIBIT B SIGNATURE PAGE

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

POSEIDON RESOURCES (CHANNELSIDE) LP CO.

By: _____
Signed Name Date

Printed or Typed Name Title

IT IS SO ORDERED PURSUANT TO WATER CODE SECTION 13323 AND
GOVERNMENT SECTION 11415.60 ON BEHALF OF THE CALIFORNIA REGIONAL
WATER QUALITY CONTROL BOARD, SAN DIEGO REGION

By: _____
DAVID W. GIBSON
Executive Officer Date