Administrative Civil Liability
Fact Sheet

The California Regional Water Quality Control Boards (Regional Water Boards) have the authority to impose administrative civil liabilities for a variety of violations under California Water Code (CWC) Section 13323. This document generally describes the process that the Regional Water Boards follow in imposing administrative civil liabilities.

The first step is the issuance of an administrative civil liability complaint by the authorized Regional Water Board's Executive Officer or Assistant Executive Officer. The complaint describes the violations that are alleged to have been committed, the CWC provisions authorizing the imposition of liability, and the evidence that supports the allegations. **Any person who receives a complaint must respond timely as directed, or risk the Regional Water Board imposing the administrative civil liability by default.** The complaint is accompanied by a letter of transmittal, a Waiver Form, and a Hearing Procedure. Each document contains important information and deadlines. You should read each document carefully. A person issued a complaint is allowed to represent him or herself. However, legal advice may be desirable to assist in responding to the complaint.

Parties

The parties to complaint proceedings are the San Francisco Bay Regional Water Quality Control Board (Regional Water Board) Prosecution Team and the person or entity named in the complaint, referred to as the "Discharger." The Prosecution Team is comprised of Regional Water Board staff and management. Other interested persons may become involved and may become "designated parties." Only designated parties are allowed to submit evidence and participate fully in the proceeding. Other interested persons may play a more limited role in the proceeding and are allowed to submit non-evidentiary policy statements. If the matter proceeds to hearing, the hearing will be held before the full membership of the Regional Water Board (composed of up to nine board members appointed by the Governor) or before a panel of three Board members. The Board members who will hear the evidence and rule on the matter act as judges. They are assisted by an Advisory Team, which provides advice on technical and legal issues. The Advisory Team is comprised of Regional Water Board staff and management. Both the Prosecution Team and the Advisory Team have their own attorney. Neither the Prosecution Team nor the Discharger or his/her representatives are permitted to communicate with the Board members or the Advisory Team about the complaint without the presence or knowledge of the other. This is explained in more detail in the Hearing Procedure.

Complaint Resolution options

Once issued, a complaint can lead to (1) withdrawal of the complaint; (2) withdrawal and reissuance; (3) payment and waiver; (4) settlement; and (5) hearing. Each of these options is described below.

Withdrawal: may result if the Discharger provides information to the Prosecution Team that clearly demonstrates that a fundamental error exists in the information set forth in the complaint.

Withdrawal and reissuance: may result if the Prosecution Team becomes aware of information contained in the complaint that can be corrected.

Payment and waiver: may result when the Discharger elects to pay the amount of the complaint rather than to contest it. The Discharger makes a payment for the full amount and the matter is ended, subject to public comment.

Settlement: results when the parties negotiate a resolution of the complaint. A settlement can include such things as a payment schedule, or a partial payment and suspension of the remainder pending implementation by the Discharger of identified activities, such as making improvements beyond those already required that will reduce the likelihood of a further violation or the implementation or funding of a Supplemental Environmental Project (SEP) or a Compliance Project. Qualifying criteria for Compliance Projects and SEPs are contained in the State Water Resources Control Board's (State Water Board) Enforcement Policy, which is available at the State Water Board's website at: http://www.waterboards.ca.gov/plans_policies/. Settlements are generally subject to public notice and comment, and are conditioned upon approval by the Regional Water Board or its authorized staff management. Settlements are typically memorialized by the adoption of an uncontested order for administrative civil liability.

Hearing: if the matter proceeds to hearing, the parties will be allowed time to present evidence and testimony in support of their respective positions. The hearing must be held within 90 days of the issuance of the complaint, unless the Discharger waives that requirement by signing and submitting the Waiver Form included in this package. The hearing will be conducted under rules set forth in the Hearing Procedure. The Prosecution Team has the burden of proving the allegations and must present competent evidence to the Board regarding the allegations. Following the Prosecution Team's presentation, the Discharger and other designated parties are given an opportunity to present evidence, testimony and argument challenging the allegations. The parties may cross-examine each others' witnesses. Interested persons may provide non-evidentiary policy statements, but may generally not submit evidence or testimony. At the end of the presentations by the parties, the Board members will deliberate to decide the outcome. The Regional Water Board may issue an order requiring payment of the full amount recommended in the complaint, may issue an order requiring payment of a reduced amount, may order the payment of a higher amount, decide not to impose an assessment, or may refer the matter to the Attorney General's Office for further enforcement.

Factors that must be considered by the Regional Water Board

Except for Mandatory Minimum Penalties under CWC Section 13385 (i) and (h), the Regional Water Board is required to consider several factors specified in the CWC, including nature, circumstance, extent, and gravity of the violation or violations, whether the discharge is susceptible to cleanup or abatement, the degree of toxicity of the discharge, and, with respect to the violator, the ability to pay, the effect on ability to continue in business, any voluntary cleanup efforts undertaken, any prior history of violations, the degree of culpability, economic benefit or savings, if any resulting from the violations, and other matters as justice may require (CWC sections 13327, 13385(e) and 13399). During the period provided to submit evidence (set forth in the Hearing Procedure) and at the hearing, the Discharger may submit information that it believes supports its position regarding the complaint. If the Discharger intends to present arguments about its ability to pay, it must provide reliable

documentation to establish that ability or inability. The kinds of information that may be used for this purpose include:

For an individual:

1. Last three years of signed federal income tax returns (IRS Form 1040) including schedules
2. Members of household, including relationship, age, employment and income
3. Current living expenses
4. Bank account statements
5. Investment statements
6. Retirement account statements
7. Life insurance policies
8. Vehicle ownership documentation
9. Real property ownership documentation
10. Credit card and line of credit statements
11. Mortgage loan statements
12. Other debt documentation

For a business:

1. Copies of last three years of company IRS tax returns, signed and dated
2. Copies of last three years of company financial audits
3. Copies of last three years of IRS tax returns of business principals signed and dated
4. Any documentation that explains special circumstances regarding past, current, or future financial conditions

For larger firms:

1. Federal income tax returns for the last three years, specifically:
    - IRS Form 1120 for C Corporations
    - IRS Form 1120 S for S Corporations
    - IRS Form 1065 for partnerships
2. A completed and signed IRS Form 8821. This allows the IRS to provide the Regional Water Board with a summary of the firm's tax returns that will be compared to the submitted income tax returns. This prevents the submission of fraudulent tax returns.
3. The following information can be substituted if income tax returns cannot be made available:
    - Audited Financial Statements for last three years
    - A list of major accounts receivable with names and amounts
    - A list of major accounts payable with names and amounts
    - A list of equipment acquisition cost and year purchased
    - Ownership in other companies and percent of ownership for the last three years
    - Income from other companies and amounts for the last three years

For a municipality, county, or district:

1. Type of entity:
    - City/Town/Village
    - County
    - Municipality with enterprise fund
    - Independent or publicly owned utility

2. The following 1990 and 2000 US Census data:
    - Population
    - Number of persons age 18 and above
    - Number of persons age 65 and above
    - Number of individuals below 125% of poverty level
    - Median home value
    - Median household income
3. Current or most recent estimates of:
    - Population
    - Median home value
    - Median household income
    - Market value of taxable property
    - Property tax collection rate
4. Unreserved general fund ending balance
5. Total principal and interest payments for all governmental funds
6. Total revenues for all governmental funds
7. Direct net debt
8. Overall net debt
9. General obligation debt rating
10. General obligation debt level
11. Next year's budgeted/anticipated general fund expenditures plus net transfers out

This list is provided for information only. The Discharger remains responsible for providing all relevant and reliable information regarding its financial situation, which may include items in the above lists, but could include other documents not listed. Please note that all evidence regarding this case, including financial information, will be made public. Consequently, **please take care in submitting any documents that include private information**, such as social security numbers, home addresses, home telephone numbers, account numbers and/or drivers' license numbers. Such private information must be "redacted" (i.e., obscured or crossed out) prior to submittal of the documents.

Petitions

If the Regional Water Board issues an order requiring payment, the Discharger may challenge that order by filing a petition for review with the State Water Board pursuant to CWC Section 13320. More information on the petition process is available at:
http://www.waterboards.ca.gov/public_notices/petitions/water_quality/index.shtml
An order of the State Water Board resolving the petition for review of the Regional Water Board's order for administrative civil liability can be challenged by filing a petition for writ of mandate in the superior court pursuant to CWC Section 13330.

Once an order for administrative civil liability becomes final, the Regional Water Board or State Water Board may seek a judgment of the superior court under CWC Section 13328, if necessary, in order to collect payment of the administrative civil liability amount.