



EDUARDO G. BROWN JR.
GOVERNOR

MATTHEW RODRIGUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

San Francisco Bay Regional Water Quality Control Board

September 12, 2018
WDID: 2 01I025484 (JHG)

Shaw Industries, Inc.
Attention: Cullen Gordon
616 E Walnut Ave
Dalton, Georgia 30722

Subject: Conditional Offer to Settle Reporting Violation
of Industrial Stormwater General Permit

Facility: Shaw Industries Inc located at 4025 Whipple Road, Union City, California 94587

To Industrial Stormwater Discharger:

This is a conditional offer to settle an alleged reporting violation for a mandatory minimum penalty of \$1,000. The Industrial Stormwater General Permit¹ requires an annual report to be submitted by September 1 following each reporting year. We did not receive an annual report for the 2016/2017 reporting year by September 1, 2017. We sent two notices of noncompliance and did not receive the report by the deadlines in those notices. The California Water Code now requires the Water Board to impose a mandatory penalty. The Water Board is extending this offer to settle for the minimum penalty required by statute. To avoid further enforcement and pay the mandatory minimum penalty of \$1,000, respond to this letter by **October 12, 2018**.

Acceptance of this conditional offer will settle the alleged reporting violation for the minimum penalty required by statute. By settling, there will be no additional costs to you, including costs we could recover by bringing this matter to a hearing before the Water Board. In addition, we will not pursue discretionary enforcement to seek a higher penalty of up to \$10,000 per day of violation under Water Code section 13385. The remainder of this conditional offer letter further explains the alleged violation, statutory liability, and how to respond (i.e., accept the offer, contest the alleged violation, or reject the offer).

This conditional offer does not address any violation not specifically identified above.

ALLEGED VIOLATION AND NOTICES OF NONCOMPLIANCE

Shaw Industries Inc (Discharger) violated section XVI of the Industrial Stormwater General Permit by failing to submit an annual report for the 2016/2017 reporting year by July 15, 2017. The Water Board sent notices of noncompliance as required by Water Code section 13399.31 on September 12, 2017, and November 9, 2017. The Discharger failed to submit the annual report by the deadlines in those notices of noncompliance.

¹ General Permit for Storm Water Discharges Associated with Industrial Activities, Order No. 2014-0057-DWQ, National Pollutant Discharge Elimination System (NPDES) No. CAS000001

STATUTORY LIABILITY

Water Code sections 13399.31 and 13399.33 require the Water Board to impose an administrative civil liability (a fine) in an amount not less than \$1,000 when a facility fails to submit an annual report after receiving two notifications. Water Code section 13399.31(b) requires the Water Board to notify the Discharger of its noncompliance first. If a response is not received within 30 days, Water Code section 13399.31(c) requires the Water Board to send a second notice of noncompliance before assessing a penalty. If the Discharger fails to certify and submit an annual report via the State Board's Stormwater Multiple Application and Report Tracking System (SMARTS) within 60 days from the date of the first notice of noncompliance, Water Code section 13399.31(d) requires the Water Board to impose a \$1,000 penalty as described in Water Code section 13399.33(c) and recover the costs the Water Board incurred to enforce the permit. Through settlement of this violation as discussed below, no additional costs will be assessed.

If the violation is not settled as discussed below, we may pursue discretionary penalties under Water Code sections 13385(a)(2) and 13385(c)(1), where administrative civil liabilities may be as high as \$10,000 for each day in which the violation occurs, beginning from the date the violation first occurred. Alternatively, we may refer the matter to the Office of the Attorney General for prosecution and seek up to \$25,000 per violation per day pursuant to Water Code section 13385(b)(1).

CONDITIONAL OFFER TO SETTLE

As explained below, the Discharger has three options for responding to this conditional offer. The Discharger can avoid a hearing before the Water Board and the possibility of discretionary penalties by accepting this conditional offer and paying \$1,000 as explained under Choice A. More details about the terms of this option are included in the enclosed "Acceptance of Conditional Resolution and Waiver of Right to Hearing" (Acceptance and Waiver).

- **Choice A – Accept the Offer**

If the Discharger accepts this conditional offer, then complete and return the Acceptance and Waiver (enclosed) on or before October 12, 2018, to the following:

San Francisco Bay Regional Water Board
Attention: Jack Gregg
1515 Clay Street, Suite 1400
Oakland, CA 94612

or

Jack.Gregg@waterboards.ca.gov

When we receive the signed Acceptance and Waiver, this offer will become a proposed settlement and part of publicly available Water Board files. We will post the Acceptance and Waiver publicly for 30 days for comments. Based on the content of any comments received, the Executive Officer will decide whether to accept this proposed settlement. If acceptable, the Executive Officer will sign the Acceptance and Waiver and an invoice will be sent to the Discharger for payment within 30 days. This process is discussed further below under "Conditions for Water Board Acceptance of Resolution."

- **Choice B – Contest the Alleged Violation**

If the Discharger wishes to contest the alleged violation, we must receive the challenge by October 12, 2018. To contest, please identify in writing, and send to the address above, the basis for the challenge (factual error, affirmative defense, etc.). We will evaluate the contested violation and take one of two actions:

- 1) Determine that the alleged violation is not supported, take no further action against the Discharger for the alleged violation, and notify the Discharger of that determination; or
- 2) Determine that the alleged violation has merit and notify the Discharger of that determination. The Discharger will then have 15 days from the date of the determination to accept the conditional offer. If the Discharger chooses not to accept, or does not reply to the determination, the Discharger should expect an enforcement investigation and further action as described under Choice C.

- **Choice C – Reject the Offer**

If the Discharger chooses to reject this conditional offer, or does not complete and return the Acceptance and Waiver by the deadline, we will pursue additional enforcement including discretionary enforcement, and the Discharger will receive notice of that action. In pursuing additional enforcement, we will conduct a more thorough investigation and potentially use information from the investigation to address additional violations. We will also seek to recover staff costs associated with the issuance of an Administrative Civil Liability Complaint. Therefore, penalties may be significantly greater than the mandatory minimum liability set forth in this conditional offer.

CONDITIONS FOR WATER BOARD ACCEPTANCE OF RESOLUTION

Federal regulations require the Water Board to publish and allow the public at least 30 days to comment on any settlement of an enforcement action addressing a violation (40 C.F.R. § 123.27(d)(2)(iii)). Upon receipt of the Discharger's Acceptance and Waiver, we will publish a notice of the proposed settlement of the violation.

If we receive no comments within the 30-day period and there are no new material facts available, we will ask the Executive Officer to execute the Acceptance and Waiver as a stipulated order assessing the uncontested penalty amount pursuant to Water Code section 13399.33.

If significant comments are received in opposition to the proposed settlement, this offer may be withdrawn. In that case, we will also treat as withdrawn the Acceptance and Waiver, and address the alleged violation in a formal liability assessment proceeding. At the liability assessment hearing, the Discharger will be free to make arguments as to the alleged violation. Acceptance of 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 liability assessment proceeding under such circumstances.

If the Executive Officer executes the Acceptance and Waiver, payment shall be due to the Waste Discharge Permit Fund within 30 calendar days in accordance with Water Code sections

Shaw Industries Inc
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13399.37(a) and 13399.33. Failure to pay in full by the required deadline may subject the Discharger to further liability.

OPPORTUNITY FOR SUPPLEMENTAL ENVIRONMENTAL PROJECT

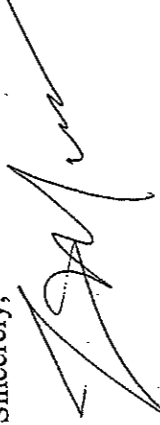
In lieu of paying the entire settlement amount to the Waste Discharge Permit Fund, the Discharger may elect to apply 50 percent of the penalty to fund a supplemental environmental project.² This option is discussed in the enclosed Acceptance and Waiver.

There is currently only one option for funding a supplemental environmental project: a fund to supplement the Regional Monitoring Program.³ The Regional Monitoring Program collects data and communicates information about water quality in the San Francisco Estuary in support of management decisions to restore and protect the region's waters. Regional Monitoring Program funds are managed and administered by the non-profit San Francisco Estuary Institute. More information about the Regional Monitoring Program is available at <http://www.sfei.org/rmp>. The funding would supplement water quality studies that would not otherwise be conducted through the Regional Monitoring Program's annually approved cost allocations. No funds would go to the Water Board.

WATER BOARD CONTACT

If you want to discuss or have questions regarding this matter, please contact Jack Gregg at (510) 622-2437 or Jack.Gregg@waterboards.ca.gov.

Sincerely,



Thomas Mumley
Assistant Executive Officer

Enclosures: (1) Acceptance and Waiver
(2) Notices of Noncompliance

² Pursuant to the Policy on Supplemental Environmental Projects (2017) (https://www.waterboards.ca.gov/water_issues/programs/enforcement/docs/seps/20180503_sep_policy_and.pdf), up to 50 percent of the penalty may be applied to a supplemental environmental project.

³ See State Water Board Resolution No. 2017-0074 (https://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2017/rs2017_0074.pdf).

ORDER NO.

PROPOSED

**ACCEPTANCE OF CONDITIONAL RESOLUTION
AND WAIVER OF RIGHT TO HEARING**

for

**Shaw Industries Inc
4025 Whipple Road, Union City, California 94587**

ALLEGED VIOLATION AND NOTICES OF VIOLATION

Shaw Industries Inc (Discharger) violated section XVI of the *General Permit for Storm Water Discharges Associated with Industrial Activities*, Order No. 2014-0057-DWQ, NPDES No. CAS000001 (Industrial Stormwater General Permit), by failing to submit an annual report for the 2016/2017 reporting year by September 1, 2017. As required by California Water Code (Water Code) section 13399.31, the San Francisco Bay Regional Water Quality Control Board (Water Board) issued notices of noncompliance to the Discharger on September 12, 2017, and November 9, 2017. By statute, the Discharger is now subject to a minimum penalty of \$1,000 for failing to submit the annual report by the deadlines established in the notices of noncompliance.

ACCEPTANCE AND WAIVER

By signing below and returning this Acceptance of Conditional Resolution and Waiver of Right to Hearing (Acceptance and Waiver) to the Water Board, the Discharger hereby accepts the conditional offer to settle the alleged violation through payment of mandatory minimum penalties and waives its right to a hearing before the Water Board to dispute the alleged violation.

The Discharger agrees that the conditional offer (enclosed with this Acceptance and Waiver) shall serve as a complaint pursuant to Article 2.5 of the Water Code and that no separate complaint is required for the Water Board to assert jurisdiction over the alleged violation. The Discharger agrees to pay the penalties authorized by Water Code section 13399.33, which shall be deemed payment in full of any civil liability pursuant to Water Code section 13399.31 that otherwise might be assessed for the violation described above. The Discharger understands that this Acceptance and Waiver waives its right to contest the alleged violation and the amount of civil liability for the violation.

The Discharger understands that this Acceptance and Waiver does not address or resolve liability for any violation not specifically identified herein. Upon execution by the Discharger, the Acceptance and Waiver shall be returned to the following:

San Francisco Bay Regional Water Board
Attention: Jack Gregg
1515 Clay Street, Suite 1400
Oakland, CA 94612

or

Jack.Gregg@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 Water Board to publish notice of, and provide at

least 30 days for, public comment on any proposed resolution of an enforcement action. Accordingly, this Acceptance and Waiver, prior to execution by the Executive Officer of the Water Board, will be published for public comment as required by law.

If no comments are received within the notice period that cause the Executive Officer to reject the settlement, the Executive Officer may execute the Acceptance and Waiver. Water Board resolution of this violation will preclude State Water Resources Control Board action for the same violations.

The Discharger understands that, if significant comments are received in opposition to the conditional offer, the offer 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 Water Board or State Water Resources Control Board. For such a liability hearing, the Discharger understands that this Acceptance and Waiver will be treated as a settlement communication and will not be used as evidence in that hearing.

The Discharger understands that funds collected for violations pursuant to Water Code section 13399.31 shall be deposited in the Waste Discharge Permit Fund.

The Discharger understands that, in lieu of full payment of the assessed penalty to the Waste Discharge Permit Fund, it may elect to pay 50 percent toward the Regional Monitoring Program as a supplemental environmental project. The Water Board will consider the Discharger to have fulfilled its obligation for this supplemental environmental project after its contribution to the Regional Monitoring Program has been received by the San Francisco Estuary Institute. To select this option, the Discharger shall place a "✓" or "x" in the box below. In doing so, the Discharger agrees to pay \$500 to the San Francisco Estuary Institute for the Regional Monitoring Program and \$500 to the Waste Discharge Permit Fund. Selection of this option does not change the total amount the Discharger must pay.

Optional:

- The Discharger chooses to pay \$500 to the San Francisco Estuary Institute for the Regional Monitoring Program and \$500 to the State Waste Discharge Permit Fund.

The Discharger understands that once the Executive Officer of the Water Board executes the Acceptance and Waiver, payment no later than 30 days after the date of the Executive Officer's signature is a condition of this Acceptance and Waiver. If the Discharger does not select the supplemental environmental project option above, the Discharger shall pay the total assessed civil liability in full to the Waste Discharge Permit Fund. If the Discharger selects the supplemental environmental project option, the Discharger shall pay the portion not paid toward the supplemental environmental project to the Waste Discharge Permit Fund and pay the balance to the San Francisco Estuary Institute for the Regional Monitoring Program. The Water Board will send invoices for all payments.

Please do not send a check(s) for payment with this Acceptance and Waiver. If acceptable, the Executive Officer will counter-sign the Acceptance and Waiver and an invoice (or invoices) will be sent to the Discharger for payment within 30 days.

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.

Shaw Industries Inc

By: Allen Gordon Manager
Printed or typed name Title

[Signature] 11-6-2018
Signature Date

IT IS SO ORDERED PURSUANT TO WATER CODE SECTION 13399.31

By: _____ Date _____
Bruce H. Wolfe
Executive Officer
California Regional Water Quality Control Board
San Francisco Bay Region