

ESCROW AGREEMENT

Calas Park Stormwater and Water Quality Improvements Supplemental Environmental Project

This Escrow Agreement (“**Agreement**”) is made as of February 20, 2024 (“**Effective Date**”) and is between COUNTY SANITATION DISTRICT NO. 2, a special district organized and existing under the provisions of Health and Safety Code sections 4700 et seq. (the “**District**”) in its capacity as the Administrative District for the Joint Outfall System;¹ the CITY OF CARSON, a California charter city and municipal corporation (the “**City**”); and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, in its capacity as escrow agent (“**Escrow Agent**”). The District, City, and Escrow Agent are sometimes hereinafter referred to individually as a “**Party**” or collectively as the “**Parties**.”

- A. Between January 25, 2018, and September 6, 2022, an amount in excess of 8.6 million gallons of untreated domestic and municipal wastewater were inadvertently discharged by the Joint Outfall System from its collection system to waters of the United States, including the inadvertent discharge of approximately 8,507,790 gallons of untreated wastewater to the Dominguez Channel on December 30-31, 2021, and an additional approximately 108,414 gallons of untreated wastewater during 13 separate spills that took place between January 25, 2018, and September 6, 2022 to Rio Hondo, Dominguez Channel, Los Angeles River, Alhambra Wash, San Jose Creek, Machado Lake, Arroyo Seco Channel, and Malaga Creek.
- B. On January 17, 2024, the California Regional Water Quality Control Board – Los Angeles Region (“**Regional Water Board**”) issued Order No. R4-2023-0088, Settlement Agreement and Stipulation for Entry of Administrative Civil Liability Order (“**ACL Order**”) under Water Code section 13385 for the spills that occurred between January 25, 2018 and September 6, 2022. A copy of the ACL Order is attached as **Exhibit A** to this Agreement.
- C. Under the ACL Order, the District agreed, among other things, to contribute the sum of Five Million Nine Hundred and Eighty Thousand Dollars (\$5,980,000.00) (the “**District’s SEP Contribution**”) to a Supplemental Environmental Project (“**SEP**”) for the development of the Calas Park Stormwater and Water Quality Improvements Supplemental Environmental Project (“**Calas Park Stormwater SEP**”). The ACL Order further provides that, if the Calas Park Stormwater SEP is not completed due to circumstances outside the control of the Districts and/or the City, as determined by the Executive Officer of the Regional Water Board (“**Regional Water Board’s Executive Officer**”), and the Regional Water Board does not move to collect payment of the value of the District’s SEP Contribution to the State Water Pollution Cleanup and Abatement Account, a **Replacement SEP** may be proposed within 60 days by the District, subject to approval the Regional Water Board’s Executive Officer in accordance with the terms and provisions of the ACL Order.

¹ Pursuant to a Joint Outfall Agreement, 17 of the 24 County Sanitation Districts operate and maintain a wastewater collection, treatment, and disposal system known as the Joint Outfall System that serves approximately 5.5 million people in the Los Angeles Basin.

- D. As provided in the ACL Order, the City will implement the Calas Park Stormwater SEP on behalf of the District.

The Parties therefore agree as follows:

1. **Representatives.** The District and the City have each designated one individual to serve as their respective representatives under this Agreement (“**Representative**”). The Representative for the District is the Chief Engineer, or their designee. The Representative for the City is the City Manager, or their designee. Any Party may change their Representative by giving the other Parties written notice consistent with Section 3.1. By executing this Agreement, the Parties represent and warrant to one another that:

1.1 Each person designated as a Representative by that Party will at all times have the full power and authority to take all actions on behalf of that Party, and

1.2 The Representative of that Party is authorized to act on that Party’s behalf under this Agreement and that instructions, consents, and other actions under this Agreement will be valid if signed by the Representative of that Party. Signatures on instructions, consents and other actions under this Agreement will be valid if the signatures are originals, electronic, facsimiles or digital. If the District or the City choose to use electronic signatures to sign documents delivered to the Escrow Agent, the District or the City agree to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Escrow Agent acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Escrow Agent may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Escrow Agent in lieu of, or in addition to, any document signed via electronic signature.

2. **Administration.**

2.1 **Deposit of Funds.**

The Escrow Agent shall deposit funds transferred to the Escrow Agent from the District into a separate, newly established general escrow account named the “**Calas Park Stormwater SEP Fund**” and a separate sub-account within the Calas Park SEP Fund to account for the deposit and disbursement of interest earnings on the funds in the Calas Park SEP Fund, to be named the “**Calas Park Stormwater SEP Interest Sub-Account.**” The purpose of the Calas Park Stormwater SEP Fund is to obtain, hold, administer, invest, reinvest, and disburse the District's SEP Contribution and the earnings thereon, solely as provided below.

2.2 **Investment of Funds.**

- a. The Escrow Agent shall invest the funds in the Calas Park Stormwater SEP Fund in such investments, certificates of deposits, bank accounts or money market funds as determined in the sole and absolute discretion of the District and as directed in writing by the District to Escrow Agent. In the absence of any written direction from the District, the Escrow Agent shall invest and reinvest the funds

in the Calas Park Stormwater SEP Fund in the U.S. Bank Money Market Account (CUSIP Number DDAFC5). The Escrow Agent may make any investments through its trust or investment department. All interest and earnings from investments must be deposited into the Calas Park Stormwater SEP Interest Sub-Account.

- b. The Representatives of both the District and the City shall jointly furnish the Escrow Agent with written instructions to sell any investments to make any disbursements pursuant to Section 2.5 from the Calas Park Stormwater SEP Fund required under this Agreement. If no instructions are received, no earlier than thirty (30) days prior to the disbursement date, the Escrow Agent is authorized to sell or liquidate any investments held in the Calas Park Stormwater SEP Fund as necessary for those disbursements. The Escrow Agent will not be liable for any loss from any investments made by the Escrow Agent in accordance with this Agreement except if caused by Escrow Agent's own negligence or willful misconduct.
- c. The Parties acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Representatives the right to receive brokerage confirmations of security transactions as they occur, the Representatives will not accept those confirmations to the extent permitted by law unless specifically requested, in writing, by the Representatives. The Escrow Agent shall furnish monthly written transaction statements that must include, without limitation, detail for all investment transactions made by the Escrow Agent under this Agreement and such other information as may be requested by the Parties.

2.3 Disbursement of Interest and Earnings of Calas Park Stormwater SEP Fund. The Escrow Agent shall disburse all interest and earnings of the Calas Park Stormwater SEP Interest Sub-Account of the Calas Park Stormwater SEP Fund pursuant to the joint written instructions of the District and the City, as follows:

- a. To the Escrow Agent in payment of its fees and administrative expenses;
- b. The remaining balance to the District.

2.4 District to Pay Fees to Escrow Agent if Interest Sub-Account Funds are Insufficient. If the interest and earnings in the Calas Park Stormwater SEP Interest Sub-Account of the Calas Park Stormwater SEP Fund are insufficient to cover the Escrow Agent's fees and administrative expenses, then the District shall pay those fees and expenses directly to the Escrow Agent after written request of the Escrow Agent.

2.5 Disbursement of Principal from the Calas Park Stormwater SEP Fund.

- a. The Escrow Agent shall make payments of principal from the Calas Park Stormwater SEP Fund in accordance with the following instructions:
- (i) Pursuant to the terms, requirements and provisions of this Agreement; or
 - (ii) As directed jointly in writing by the Representatives of the City and the District; or
 - (iii) To the District upon termination of the Calas Park Stormwater SEP Fund in accordance with Section 2.8 of this Agreement.
- b. Payments of principal from the Calas Park Stormwater SEP Fund shall be made by Escrow Agent within 5 business days of receipt of joint instructions from the Representatives in accordance with Paragraph (a)(ii).

2.6 Reporting.

- a. **Monthly Reporting.** The Escrow Agent shall submit its customary monthly account statement for the Calas Park Stormwater SEP Fund concurrently to both the the District and the City.
 - b. **Annual Reporting.** The Escrow Agent shall deliver to each Representative an annual statement showing the income and disbursements of the Calas Park Stormwater SEP Fund for the preceding calendar year within sixty (60) days after the end of each calendar year.
 - c. **Final Report.** Within thirty (30) days following the termination of the Calas Park Stormwater SEP Fund in accordance with the terms and provisions of Section 2.8, below, the Escrow Agent shall deliver to the City and the District a final account statement of any final income and disbursements made as part of the termination process.
- 2.7 **No Authority to Conduct Business.** The purposes of the Calas Park Stormwater SEP Fund are limited to the matters set forth in this Agreement.

2.8 Termination of the Calas Park Stormwater SEP Fund.

- a. The Calas Park Stormwater SEP Fund and this Agreement will terminate upon any of the following:
 - (i) The disbursement of the last of the funds from the Calas Park Stormwater SEP Fund as provided in this Agreement and the Escrow Agent's receipt of written notice from the District that all the provisions of Section 4 are completed to the satisfaction of the Chief Engineer; or
 - (ii) The Escrow Agent's receipt of written notice from the District that the **Regional Water Board's** Executive Officer has determined that the Calas Park Stormwater SEP cannot be performed or completed; or
 - (iii) The Escrow Agent's receipt of written notice from the District and the City that the Calas Park Stormwater SEP has been completed and funds remain in the Calas Park Stormwater SEP Fund.
- b. Upon termination of the Calas Park Stormwater SEP Fund, all remaining funds, including any funds remaining in the Calas Park Stormwater SEP Interest Sub-Account, must be paid by Escrow Agent to the District within ten (10) days following receipt of written instructions provided by the District.
- c. Termination under this section may occur at any time that funds remain in the Calas Park Stormwater SEP Fund.

3. Miscellaneous.

- 3.1 **Notices.** Any notice, request, direction, instruction or other communication (collectively "**Notice**") required or permitted to be made or given by any Party must be in writing, and otherwise in accordance with this Agreement. Notice must be delivered (i) by hand, with signed delivery receipt required; (ii) by U.S. Mail; (iii) by facsimile; (iv) by overnight mail or courier service, or (v) by electronic mail, and will be deemed to have been made or given as of the time and date of receipt, if by hand or facsimile, or the time and date of mailing, if by mail or electronic mail. The time to respond to any Notice will commence to run upon the date of actual delivery to the appropriate address. Any Party may change its designation of address upon written notice to the other Parties.

Any Notice to Escrow Agent must be addressed as follows:

U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Global Corporate Trust Services
Ms. Lauren Costales
Electronic mail: Lauren.Costales@usbank.com

Any Notice to the District must be addressed as follows:

County Sanitation District No. 2 of Los Angeles County
1955 Workman Mill Road
Whittier, CA 90601-1400
Fax: (562) 695-8660
Telephone: (562) 699-7411
Attn: Robert Ferrante
Chief Engineer and General Manager
Electronic mail: rferrante@lacsdc.org

Any Notice to the City must be addressed as follows:

City of Carson
701 East Carson, Carson, CA 90745
Telephone: (310) 952-1729
Attn: David C. Roberts, Jr.
City Manager
Electronic mail: droberts@carsonca.gov

With copy to:

City of Carson
701 East Carson, Carson, CA 90745
Telephone: (310) 952-1729
Attn: Gilbert Marquez
City Engineer
Electronic mail: gmarquez@carsonca.gov

- 3.2 **Governing Law and Venue.** This Agreement will be administered, construed and enforced according to the laws of the State of California applicable to agreements performed entirely in California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of Los Angeles, State of California, or any other appropriate court in such county, and the Parties covenant and agree to submit to the personal jurisdiction of such court in the event of such action. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Central District of California, in the County of Los Angeles, State of California.

- 3.3 **Attorneys' Fees.** If any action or proceeding is commenced by any Party to enforce its rights under this Agreement or to collect damages as a result of the breach of any of the provisions of this Agreement, the prevailing Party in that action or proceeding, including any bankruptcy, insolvency or appellate proceedings, will be entitled to recover all reasonable costs and expenses, including, without limitation, reasonable attorneys' fees, expenses, and court costs, in addition to any other relief awarded by the court.
- 3.4 **Amendment; Complete Agreement.** All amendments and supplements to this Agreement must be in writing and executed by the District, the City, and the Escrow Agent. This Agreement contains the entire agreement and understanding between the Parties concerning the Calas Park Stormwater SEP Fund and supersedes all prior agreements, terms, understandings, conditions, representations and warranties, whether written or oral, made by any of the Parties concerning the Calas Park Stormwater SEP Fund or the other matters which are the subject of this Agreement.
- 3.5 **Interpretation.** As used in this Agreement, words in the singular include the plural and words in the plural include the singular; and the masculine and neuter genders will be deemed to include the masculine, feminine and neuter. The descriptive heading for each Section and Subsection of this Agreement will not affect the interpretation or the legal efficacy of this Agreement. Except as expressly provided in this Agreement, neither the act of entering into this Agreement nor any contribution to the Calas Park Stormwater SEP Fund nor any action taken under this Agreement constitutes an admission of any liability or fault on the part of any Party with respect to the Calas Park Stormwater SEP or otherwise, nor does it constitute a commitment or agreement, either expressed or implied, by any or all of them to undertake any further activities with respect to the Calas Park Stormwater SEP.
- 3.6 **Severability.** If any provision of this Agreement or its application to any person or entity or in any circumstance is deemed invalid or unenforceable, the application of that provision to persons or entities and in circumstances other than those as to which it is invalid or unenforceable, and the other provisions of this Agreement will not be affected by that invalidity or unenforceability.
- 3.7 **Waiver.** No waiver by the District, the City or the Escrow Agent of any of the terms or conditions of this Agreement or any of their respective rights under this Agreement will be effective unless such waiver is in writing and signed by the Party charged with the waiver.
- 3.8 **Third Parties.** Except as expressly provided in this Agreement, nothing contained in this Agreement will create any rights in any person or entity not a Party to this Agreement, except the individuals and entities entitled to the benefits of the indemnity under Section 4.15 below.

- 3.9 **Restriction on Assignment.** Neither the City nor the District shall have the right to assign, transfer, convey, or sell its rights or obligations under this Agreement without the prior written consent of the other Party which consent may be withheld in such Party's sole and absolute discretion.
- 3.10 **Counterparts.** This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, whether the signatures are originals, electronic, facsimiles or digital. All such counterparts shall together constitute but one and the same Agreement.
- 3.11 **Execution.** This Agreement will be binding on the Escrow Agent, the District, and the City upon the execution of this Agreement by the individuals duly authorized to sign this Agreement on behalf of each Party.
- 3.12 **Consultation.** The Parties hereto hereby represent and warrant to one another that each of them has had the full opportunity of consulting legal counsel of their own choosing in connection with the preparation of this Agreement, that each of them has read and understood the provisions of this Agreement and is fully aware of the contents and legal effect thereof.
- 3.13 **Provisions Negotiated and Independent.** Each and every provision of this Agreement has been independently, separately and freely negotiated by the Parties as if this Agreement were drafted by all Parties hereto. The Parties, therefore, waive any statutory or common law presumption which would serve to have this document construed in favor of, or against, any Party.

4. Provisions Applicable to the District and City Only.

- 4.1 **Applicability.** The provisions of Section 4 are agreements between the District and the City only, and do not apply to the Escrow Agent.
- 4.2 **Authorization to Disburse Funds.**
- a. The disbursement of funds by the Escrow Agent is expressly contingent upon the District's determination that the following conditions have been and are continuing to be satisfied:
 - (i) The Calas Park Stormwater SEP qualifies as a Regional Water Board-approved SEP; and
 - (ii) The Calas Park Stormwater SEP can be performed or completed.
 - b. **Qualification as Regional Water Board-Approved SEP.** The District shall promptly notify the City of any questions or concerns raised by the Regional Water Board or the Regional Water Board's Executive Officer related to the Calas Park Stormwater SEP's continuing qualification as a Regional Water Board-approved SEP.

- c. **Determination that Calas Park Stormwater SEP Cannot be Performed or Completed.** Prior to issuing any determination that the **Calas Park Stormwater SEP** cannot be performed or completed pursuant to Section 4.2(a), the District shall in good faith meet and confer with representatives of the City. The District shall make an initial determination that the City is sufficiently prepared to perform the **Calas Park Stormwater SEP**, to trigger the obligations in Section 4.3. Thereafter, the District can make subsequent determination(s) that the **Calas Park Stormwater SEP**, in whole or in part, including any Project Milestone, cannot be performed or completed. In such an event, the District shall work with the City to identify a Replacement SEP that is suitable for the City and that meets the requirements of the ACL Order and the Regional Water Board.
- 4.3 **Schedule of Expenditures.** Upon the District’s initial written determination (in its sole and absolute discretion) that the conditions described in Section 4.2(a) of this Agreement have been initially satisfied, the City shall submit to the District a proposed written schedule of activities and expenditures of Calas Park Stormwater SEP funds, and shall update that written schedule of activities and expenditures after contracts are awarded, when change orders are approved, or when any other material change in the scope of work is planned. The proposed schedule of expenditures must describe the scope of work and amount of funds needed for all costs and fees related to the Calas Park Stormwater SEP, including for permitting, staff costs, and any design professionals, consultants, contractors, or subcontractors. The schedule and work to be performed must be described in detail to the sole satisfaction of the Chief Engineer.
- 4.4 **Disbursement.** On a quarterly basis, the City shall submit to the District a SEP Invoice that includes a detailed accounting of and supporting documentation for actual work and expenditures made specifically for the Calas Park Stormwater SEP (“**SEP Invoices**”) since the last invoice submitted. The District shall review and approve or reject each of the expenditures in writing to the City and Escrow Agent in a timely manner and will strive to complete review and issue instructions within thirty (30) calendar days from the date a SEP Invoice is issued, not including time for the City to submit responses to the District regarding questions about the work and expenditures included in the invoice.
 - a. **Documentation** – Documentation of the expenditures shall include, but is not limited to, invoices for payments to vendors or contractors performing work on the SEP or providing consulting or contracted services (such as environmental or information technology), documentation for personnel time (such as approved time sheets), or supporting documentation for any other expenditures made to implement the Calas Park Stormwater SEP.
 - b. **Approval** – The District’s written approval of all or part of the SEP Invoices tendered to Escrow Agent will constitute joint written instructions from City and District to the Escrow Agent. The District shall not unreasonably withhold approval of reimbursement of actual expenditures.

- c. **Rejection** – If the District rejects one or more expenditures identified in a SEP Invoice, the District shall provide the City with a written notice including an explanation and any documentation that supports the rejection. The City will have fifteen (15) calendar days to provide any additional documentation, information or clarification which the City believes warrants reversal of the District’s decision. The Parties shall have forty-five (45) calendar days after the date of submittal of the supplemental information to resolve the dispute administratively. However, if after the forty-five-day period, the District upholds a decision to reject an expenditure, the City shall have fifteen (15) calendar days after the date of notice to issue a written request to refer the matter to dispute resolution as provided under Section 4.13 and the disbursement of disputed funds will be suspended. The District shall not withhold any undisputed funds.

4.5 **Limitations on Expenditures.** The City shall use the principal funds received from the Calas Park Stormwater SEP Fund only for the purpose of completing the project elements described in the approved Calas Park Stormwater SEP Workplan and only according to the terms of this Agreement. The City shall not use any portion of the Calas Park Stormwater SEP Fund for fund raising or public relations efforts, or for any Calas Park Stormwater SEP elements that have not received prior written approval by the District. If, as a result of any audit initiated under Section 4.6 of this Agreement, it is determined that any expenditure previously approved under subsection (a) of Section 4.4 was improper and approved by the District in reliance upon any misrepresentation by the City and/or their respective officers, agents or employees, the City shall immediately return the improperly expended sums to the Calas Park Stormwater SEP Fund along with the cost of the audit as specified under subsection (c) of Section 4.6 and any other actual costs, damages, and penalties, as may be incurred by the District as a result of the misrepresentation.

4.6 **Accounts and Audit.**

- a. In accordance with page 13 of the 2017 Supplemental Environmental Projects Policy, within ninety (90) days after completion of the Calas Park Stormwater SEP, the District shall arrange and bear the cost of preparation of an independent third-party final financial audit report following completion of the project. This audit will be prepared in accordance with any guidance or procedures that may be provided by the Regional Water Board, in order to obtain an independent third party’s professional opinion regarding whether the District expended SEP funds in the amount claimed. Upon request via written notice of intent provided at least five (5) business days prior to commencement, the City and its agent shall make available to the independent third-party auditor the relevant books, accounts, and records pertaining to the project during normal business hours. The City and its agent shall fully cooperate with this request to the fullest extent feasible to ensure timely completion of this review.

- b. In addition to the final financial audit report of the project described in Section 4.6(a), the District may request a separate financial audit of the City's use of SEP funds at any point during the construction and completion of the Calas Park Stormwater SEP. The City shall make available to the District or an agent of the District the relevant books, accounts, and records, during normal business hours, provided the District deliver to the City written notice of intent to audit at least five (5) business days prior to commencement of audit. Auditors engaged by the District to conduct any audit, whether as employees of the District or independent contractors, must have a minimum of two (2) years' experience conducting audits for public agencies.
- c. The District shall bear the cost of the audit referred to in Section 4.6b, above, except that, if any of the following conditions exist, the City shall be responsible for payment, in full, of all costs and fees associated with the audit within 30 days after receipt of a written invoice from the District:
 - (i) The audit reveals variance of more than two percent (2%) between the schedule of expenditures or any amendments approved under Section 4.3 and the actual amounts of expenditures; or
 - (ii) Any portion of the Calas Park Stormwater SEP Funds have been used for something other than the elements specified in the approved Calas Park Stormwater SEP Workplan or for any expense that had not received approval by the District; or
 - (iii) The City has failed to maintain true and complete books, records, accounts, and supporting source documents substantially in accordance with this Agreement.

4.7 **Alternative Disposition of SEP Funds.**

- a. The City understands that, under the ACL Order, the **Regional Water Board's** Executive Officer has the authority to determine that the Calas Park Stormwater SEP was not fully implemented by the SEP Completion Date listed in **Exhibit A**, or there has been a material failure to satisfy a Project Milestone. If the material failure, in whole or in part, is due to circumstances beyond the control of the District and/or City, and the **Regional Water Board** does not move to collect payment of the suspended liability amount, the District can propose a **Replacement SEP(s)** for the entire **District's SEP Contribution**, or some portion thereof less the value of any completed milestones of the **Calas Park Stormwater SEP** as stipulated to by the District and the **Regional Water Board**. If approved, the **Regional Water Board** or its delegee can direct that the funds designated for the Calas Park Stormwater SEP be paid to a **Replacement SEP**. If not approved, the **District's SEP Contribution** must be paid to the State Water Pollution Cleanup and Abatement Account following issuance by the **Regional Water Board** of a Motion for Payment of Suspended Liability and a determination of the payment amount. In the event of such determination, the

District shall give prompt written notice to the City's Representative that the **Calas Park Stormwater SEP** cannot be performed and the principal in the **Calas Park Stormwater SEP Fund** will be dispensed in accordance with the determination by the **Regional Water Board** or its delegee following the provisions of Section 2.8(a)(ii).

- b. In such an event, the District shall make best efforts to assist the City in identifying a Replacement SEP that is suitable for the City and meets the requirements of the ACL Order and any applicable requirements of the Los Angeles Regional Water Board. Any final decision on a Replacement SEP is subject to approval by the District and Executive Officer of the Regional Water Board.

4.8 **Publicity.** In accordance with Section III, paragraph 10 of the ACL Order, if either the District or the City publicizes the Calas Park Stormwater SEP or the results of the SEP, it shall state in a prominent manner that the Calas Park Stormwater SEP is being undertaken as part of settlement of a Regional Water Board enforcement action.

4.9 **Monthly Reporting.** Within ten (10) calendar days after the close of each month, the City shall submit to the District a summary of project activities performed in the prior month and project activities proposed to be performed during the remainder of the calendar month and in the following calendar month. If the month is the third month of the calendar quarter, the City shall include in its monthly report the project activities proposed to be performed in each month of the following quarter. This information will be used by the District in preparation of quarterly reports that are required to be submitted to the Regional Water Board per the ACL Order, and the approved Calas Park Stormwater SEP Workplan.

4.10 **Final Report.** No later than forty-five (45) days after the completion date for the Calas Park Stormwater SEP and in accordance with the approved Calas Park Stormwater SEP Workplan, the City shall submit to the District a summary of all project activities performed as part of the project, including, but not limited to, all of the following:

- a. Evidence that the Calas Park Stormwater SEP has been completed consistent with the approved Workplan and milestone schedule, including how the expected outcome(s) or performance standard(s) for the project were met, and documentation such as photographs, invoices, receipts, certifications, and other materials reasonably necessary for the District and the Regional Water Board to evaluate the completion of the Calas Park Stormwater SEP and the costs incurred by the City;
- b. Written certification by the City, made under penalty of perjury, that the City followed all applicable environmental laws and regulations in the implementation of the Calas Park Stormwater SEP, including, but not limited to, the California Environmental Quality Act (CEQA), the federal Clean Water Act, and the Porter-Cologne Water Quality Control Act; and

- c. Any other information or documentation requested by the District to assist in preparation of the Certification of Completion Report required by the Regional Water Board.
- 4.11 **Access to Site and Documents.** In accordance with Section III, paragraph 11 of the ACL Order, the City shall allow the Regional Water Board staff to inspect the Calas Park Stormwater SEP implementation locations during normal business hours, provided reasonable notice is provided to the City, and shall provide Regional Water Board staff access to documents associated with Calas Park Stormwater SEP implementation, upon request.
- 4.12 **Further Assurances.** The City shall execute and deliver any instruments and perform any actions that may be necessary, or reasonably requested, in order to give full effect to this Agreement. The City will use all reasonable efforts to provide any information, execute any further instruments and documents, and take any action reasonably requested by the District or the Regional Water Board, in accordance and consistent with the provisions of this Agreement and the ACL Order for the purpose of carrying out the intent of this Agreement.
- 4.13 **Resolution of Disputes.** The Parties shall meet and use their best efforts to resolve any dispute, claim, question or disagreement (a "**Dispute**") arising from or relating to this Agreement or to the interpretation of this Agreement. To that end, Representatives of the Parties shall consult and negotiate with each other in good faith and attempt to reach an equitable solution satisfactory to all Parties. If the Parties are unable to reach an equitable solution satisfactory to all Parties, any Party may pursue any and all legal and equitable remedies that may be available. Each Party will bear its own respective costs for resolving any Dispute, except that if a legal action is filed, the attorneys' fees and costs are governed by Section 3.3.
- 4.14 **Notices to the Regional Water Board.** To ensure that the Regional Water Board is kept apprised of the status of the expenditures of sums for the SEP, the District shall transmit the following documents to the Regional Water Board:
- a. A fully executed copy of the final version of this Agreement, and any amendments, within seven (7) calendar days of execution; and
 - b. A copy of each statement received from the Escrow Agent, pursuant to section 2.6, within seven (7) calendar days of receipt thereof.
 - c. Notices to the Regional Water Board will be sent to:
 - Enforcement Unit Chief (presently Russ Colby)
 - Los Angeles Regional Water Quality Control Board
 - 320 West 4th Street, Suite 200
 - Los Angeles, CA 90013
 - Electronic mail: Russ.Colby@waterboards.ca.gov

- 4.15 **Indemnity.** The City shall indemnify, defend, and hold harmless the District, both in its individual capacity and as the administrative district for the Joint Outfall System, along with all participating districts of the Joint Outfall System, their directors, officers, employees, representatives, agents, and assigns, from any and all claims, actions, demands, liabilities, losses, damages, injuries to persons or property, costs and expenses (including without limitation reasonable attorneys' fees, expert fees, and court costs, fines, penalties, and administrative civil liabilities) (collectively "Claims") that arise out of or relate to the Calas Park Stormwater SEP or this Agreement, except for Claims arising out of the negligence or willful misconduct of the District.
- 4.16 **Insurance.** The City shall ensure that all contractors ("Contractors") performing work in connection with the Calas Park SEP procure and maintain insurance, including, without limitation, comprehensive general liability insurance and workers compensation insurance, with such terms, conditions, coverage, limits and endorsements and in such amounts as may be required by the City (the "Required Insurance Coverage"). The City shall additionally ensure that the insurance policies for the Required Insurance Coverage provide that coverage shall not be cancelled without thirty (30) days' prior written notice to the City and that such policies are maintained throughout the term of this Agreement. The City shall cause all Contractors to name the District as additional insured with respect to all Required Insurance Coverage except Workers Compensation, as applicable, at any time. No later than thirty (30) days prior to the commencement of work pursuant to this Agreement, the City shall furnish the District with certificates of insurance and verify coverage of the Contractors. Within ten (10) days after request by the District, the City shall deliver to the District true, complete, and correct copies of all insurance policies, including all endorsements and applicable policy language, as required under this Agreement.

5. Escrow Agent Assignment and Successors.

- 5.1 **Vacancy Caused by Resignation or Removal.** The Escrow Agent may resign at any time by delivering its resignation in writing to the other Parties. The other Parties may remove the Escrow Agent at any time by delivering joint notice of removal in writing to the Escrow Agent. Resignation or removal will take effect sixty (60) days after delivery of the notice of resignation or removal, or upon the acceptance of appointment in writing by a successor escrow agent, whichever is earlier.
- 5.2 **Appointment of Successor Escrow Agent.** A successor escrow agent will be appointed by the District and the City upon the resignation or removal of the Escrow Agent. In the absence of an appointment within sixty (60) days of resignation or removal, the Escrow Agent may petition a court of competent jurisdiction to make an appointment.
- 5.3 **Acceptance of Appointment by Successor.** Acceptance of appointment as a successor escrow agent must be in writing and will become effective upon receipt by the District and the City of notice of acceptance. Each successor escrow agent will

have all of the rights, powers, duties, authority, and privileges as if initially named as the Escrow Agent. Upon the acceptance of appointment of any successor escrow agent, the Escrow Agent shall deliver all assets, documentation, and other property of the Calas Park Stormwater SEP Fund in its possession, custody, or control to such successor escrow agent. After selection of a successor escrow agent, the Escrow Agent shall reasonably cooperate in meeting any reasonable requests for information or other assistance made by the District or the City to the Escrow Agent with respect thereto and any other subject matter of this Agreement. The provisions of this section survive the resignation or removal of the Escrow Agent.

5.4 **Automatic Succession.** Any bank or company into which the Escrow Agent may be merged or with which it may be consolidated, or any bank or company to whom Escrow Agent may sell or transfer all or part of its escrow business, will be the successor to the Escrow Agent without the execution or filing of any paper or any further act on the part of the Parties to this Agreement.

6. **Escrow Agent Compensation and Liability.**

6.1 **Compensation.** The Escrow Agent shall receive compensation from the District for, and administrative expense reimbursement with respect to, its services rendered in connection with the administration of the Calas Park Stormwater SEP Fund based on the schedule attached hereto as **Exhibit B**. The Escrow Agent's compensation will be paid from the interest earned on the Calas Park Stormwater SEP Fund, as provided in Section 2.3 of this Agreement, and if that interest is insufficient, as provided in Section 2.4 of this Agreement, the Escrow Agent's compensation will be paid directly by the District. The District shall indemnify and hold the Escrow Agent harmless from and against any losses, costs, claims, expenses and liabilities, including fees and expenses of its counsel incurred by the Escrow Agent in the acceptance of this Agreement by the Escrow Agent and performance of the Escrow Agent of the duties and obligations of the Escrow Agent hereunder.

6.2 **Bond and Liability.**

a. **Escrow Agent.** The Escrow Agent will not be required to furnish any bond or surety. The Escrow Agent acts solely as Escrow Agent on behalf of the District and the City and has solely an agency and not a fiduciary relationship with District and the City. The Escrow Agent will not be required to defend any legal proceedings that may be instituted against the Escrow Agent with respect to the subject matter of this Agreement (except legal proceedings arising out of the Escrow Agent's negligence or willful misconduct) unless the Escrow Agent is requested to do so by the District or the City and is indemnified to the Escrow Agent's satisfaction against the cost and expense of such defense. The Escrow Agent shall not be required to institute legal proceedings of any kind. Any Party that makes such a request to the Escrow Agent hereby agrees to indemnify and hold the Escrow Agent harmless for and against any and all losses, claims, damages, liabilities, and expenses, including reasonable costs of investigation, counsel fees, and disbursements that may be imposed upon or incurred by the

Escrow Agent in connection with the Escrow Agent's appointment hereunder or performance of its duties herein, including any litigation arising from this Agreement or involving the subject matter hereof or the monies or other property deposited hereunder except that such other parties do not agree to defend, indemnify, or hold the Escrow Agent harmless for the Escrow Agent's negligence or willful misconduct. The Escrow Agent will not incur any liability, personal or corporate, of any nature in connection with any act or omission, unless involving its negligence or willful misconduct, in the administration of the Calas Park Stormwater SEP Fund or otherwise pursuant to this Agreement. In no event shall the Escrow Agent be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

- b. Other Parties. Escrow Agent represents and warrants that it has full authority to enter into and perform its obligations under this Agreement and to perform all of its duties in accordance with customary and usual procedures employed by institutions acting as escrow agents in accordance with the Escrow Agent's own practices.

6.3 **Limitations on the Escrow Agent's Duties and Liabilities.** The Escrow Agent's acceptance of its duties under this Agreement is subject to the following terms and conditions which together with any other provision in this Agreement limiting the Escrow Agent's liabilities, will govern and control with respect to its rights, duties, liabilities and immunities:

- a. The Escrow Agent will have no duties or responsibilities except those expressly set forth herein. The Escrow Agent shall not be subject to, or obliged to recognize, any agreement between any of the other Parties, or any direction or instruction of any or all of the other Parties, except as provided for in this Agreement. In the event that the Escrow Agent receives written instructions from the Representatives and there is a discrepancy between those instructions and prior written instructions, the Escrow Agent will refrain from taking any further action, other than to keep the funds held by it in trust, unless or until such time as directed otherwise by all other Parties by written instrument or by order or judgment of a court of competent jurisdiction. If the Escrow Agent is uncertain as to the actions to be taken by it or as to its duties or rights or receives instructions with respect to its duties which, in its opinion, are in conflict with any of the provisions of this Agreement, then the Escrow Agent shall adhere to the terms of this Agreement and refrain from taking any action other than to keep funds held by it safe as Escrow Agent until directed otherwise in writing by all other Parties or by an order or judgment of a court of competent jurisdiction.
- b. The Escrow Agent will not be liable for assuming the due execution and the validity and effectiveness of any written notice, agreement, verification, instruction, or other paper or document delivered to or deposited with it and the

truth of any information contained therein, which it in good faith believes to be genuine, and the Escrow Agent will be fully protected in acting in accordance with any written instructions given to the Escrow Agent and believed by the Escrow Agent to have been signed by the proper Parties or their respective Representatives.

- c. The Escrow Agent will not be liable for any loss of or depreciation in the value of the cash or property comprising the Escrow Fund including, without limitation, any loss caused by closure or failure of a bank, except if caused by the Escrow Agent's own negligence or willful misconduct.
- d. The Escrow Agent will not be liable for damage resulting from the willful or negligent acts or omissions or failures to perform of any third party, including the failure of any means of communications, the closing of or other unavailability of a bank or trust company, the loss of any documents in the mails, or the failure of any delivery service to deliver as instructed.
- e. The Escrow Agent will not be liable to any person for the failure of another Party or Representative to perform any of the acts or duties which are referred to in or contemplated by this Agreement.
- f. The Escrow Agent has no responsibility with respect to the construction or operation of the Calas Park Stormwater SEP.
- g. The Escrow Agent may consult with counsel concerning any of its duties or responsibilities under this Agreement.
- h. The Parties hereto (other than the Escrow Agent) authorize and request the Escrow Agent to enter into this Agreement.
- i. The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Agreement and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); provided, however, that the District and the City shall provide to the Escrow Agent an incumbency certificate listing the Representatives with the authority to provide such Instructions and containing specimen signatures of such Representatives, which incumbency certificate shall be amended by the District and the City whenever a person is to be added or deleted from the listing. If the District or the City elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent's reasonable understanding of such Instructions shall be deemed controlling. The District and the City understand and agree that the Escrow Agent cannot determine the identity of the

actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by a Representative listed on the incumbency certificate provided to the Escrow Agent have been sent by such Representative. The District and the City shall be responsible for ensuring that only authorized Representatives transmit such Instructions to the Escrow Agent and that the District and the City and all Representatives are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District and the City. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction; provided, however, that Escrow Agent's understanding of the Instructions are reasonable. The District and the City agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District and the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

The Parties are executing this Agreement as of the Effective Date.

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION**

By: 

Lauren Costales
Vice President

COUNTY SANITATION DISTRICT NO. 2 OF
LOS ANGELES COUNTY

By: Robert C. Fumate
Chief Engineer and General Manager

APPROVED AS TO FORM:
Lewis Brisbois Bisgaard & Smith, LLP

By: Jessica Lienau
District Counsel

CITY OF CARSON, a municipal corporation

Lula Davis Holmes
Lula Davis-Holmes, Mayor

ATTEST:
K. Bradshaw
Dr. Khaleah K. Bradshaw, City Clerk

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP
Sunny K. Soltani
Sunny K. Soltani, City Attorney



Exhibit A

Administrative Civil Liability Order (Order No. RF-2023-0088)

LOS ANGELES REGIONAL WATER QUALITY CONTROL BOARD

In the Matter of:

ORDER R4-2023-0088

**Los Angeles County Sanitation
Districts' Joint Outfall System,
Collection System**

**SETTLEMENT AGREEMENT AND
STIPULATION FOR ENTRY OF
ADMINISTRATIVE CIVIL LIABILITY
ORDER**

Sanitary Sewer Overflows (2018-2022)

I. Introduction

1. This Settlement Agreement and Stipulation for Entry of Administrative Civil Liability Order (Stipulated Order or Order) is entered into by and between the Assistant Executive Officer of the California Regional Water Quality Control Board, Los Angeles Region (Los Angeles Water Board), on behalf of the Los Angeles Water Board Prosecution Team (Prosecution Team), and the Los Angeles County Sanitation Districts' Joint Outfall System (JOS) collection system via County Sanitation District No. 2 of Los Angeles County, a special district organized and existing under the provisions of California Health and Safety Code sections 4700 *et seq.* in its capacity as the Administrative District for the JOS¹, (Discharger) (collectively known as the Parties) and is presented to the Los Angeles Water Board, or its delegee, for adoption as an order by settlement, pursuant to Water Code section 13323 and Government Code section 11415.60.

II. Recitals

2. The Los Angeles County Sanitation Districts are a confederation of 24 independent special districts that provide wastewater and solid waste management for approximately 5.5 million people in Los Angeles County. 17 of the 24 special districts proportionally share ownership and operation of the JOS, a regional interconnected system of wastewater conveyance and treatment facilities that include 1,220 miles

¹ Pursuant to a Joint Outfall Agreement, 17 of the 24 County Sanitation Districts of Los Angeles County operate and maintain a wastewater collection, treatment, and disposal system known as the Joint Outfall System that serves approximately 5.5 million people in the Los Angeles Basin. The events described herein all occurred within the Joint Outfall System. Ownership and operation of the Joint Outfall System is proportionally shared among the signatory parties to the Joint Outfall Agreement effective July 1, 2022. These parties include Los Angeles County Sanitation Districts Nos. 1, 2, 3, 5, 8, 15, 16, 17, 18, 19, 21, 22, 23, 28, 29, and 34, and South Bay Cities Sanitation District of Los Angeles County. County Sanitation District No. 2 of Los Angeles County acts as the Administrative District on behalf of the 17 districts for various purposes, including entering agreements.

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of sewers to convey approximately 350 million gallons per day of wastewater to 7 wastewater treatment plants. See, *infra*, footnote 1.

3. The Discharger's sanitary sewer system is regulated by the *Statewide General Waste Discharge Requirements for Sanitary Sewer Systems*, Order No. 2006-0003-DWQ, as revised by WQ-2013-0058-EXEC (SSS WDRs). The Discharger has been subject to the SSS WDRs since that permit's adoption in 2006.
4. The SSS WDRs require the Discharger to operate and maintain its collection system to prevent sanitary sewer overflows and spills. Prohibition C.1 of the SSS WDRs states that the discharge of untreated or partially treated wastewater from the collection system to water of the United States is prohibited.
5. Clean Water Act section 301 (33 U.S.C. §1311) and California Water Code (Water Code) section 13376 prohibit the discharge of pollutants to surface waters except in compliance with a National Pollutant Discharge Elimination System (NPDES) permit. The SSS WDRs is not an NPDES permit.
6. The Prosecution Team alleges that between January 25, 2018, and September 6, 2022, the Discharger discharged over 8.5 million gallons of untreated domestic and municipal wastewater from its collection system to waters of the United States. Specifically, as described in Attachment A, herein incorporated by reference, the Prosecution Team alleges two violations:
 - a. Violation 1: Discharge of 8,507,790 gallons of untreated wastewater to the Dominguez Channel Estuary on December 30-31, 2021.
 - b. Violation 2: Discharge of an additional 108,414 gallons of untreated wastewater during 13 separate spills that took place between January 25, 2018, and September 6, 2022. These discharges entered the following waterbodies: Rio Hondo, Dominguez Channel, Los Angeles River, Alhambra Wash, San Jose Creek, Machado Lake, Arroyo Seco Channel, and Malaga Creek.
7. For both violations, the Prosecution Team alleges the Discharger violated Prohibition C.1 of the SSS WDRs, Clean Water Act section 301, and Water Code section 13376 by discharging untreated wastewater to a water of the state and the United States.
8. Pursuant to Water Code section 13385(a), any person who violates Water Code section 13376 or any requirements of Clean Water Act section 301 is subject to administrative civil liability pursuant to Water Code section 13385(c), in an amount not to exceed the sum of both of the following: (1) ten thousand dollars (\$10,000) for

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each day in which the violation occurs; and (2) where there is a discharge, any portion of which is not susceptible to cleanup or is not cleaned up, and the volume discharged but not cleaned up exceeds 1,000 gallons, an additional liability not to exceed ten dollars (\$10) multiplied by the number of gallons by which the volume discharged but not cleaned up exceeds 1,000 gallons.

9. Additionally, the unauthorized discharge of untreated wastewater to a water of the state in violation of Prohibition C.1 of the SSS WDRs is subject to administrative civil liability under Water Code section 13350. The Prosecution Team has elected to pursue enforcement pursuant to Water Code section 13385(a) instead of Water Code section 13350.
10. On April 4, 2017, the State Water Resources Control Board (State Water Board) adopted Resolution No. 2017-0020, which adopted the *2017 Water Quality Enforcement Policy* (Enforcement Policy). The Enforcement Policy was approved by the Office of Administrative Law and became effective on October 5, 2017.
11. The Enforcement Policy establishes a methodology for assessing administrative civil liability. Use of the methodology incorporates Water Code section 13385(e) that requires the Los Angeles Water Board to consider specific factors when determining the amount of civil liability to impose, including "...the 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 its business, any voluntary cleanup efforts undertaken, any prior history of violations, the degree of culpability, economic benefit or savings, if any, resulting from the violation, and other matters that justice may require."
12. Pursuant to the Enforcement Policy, section VI.B. (Settlement Considerations), the Prosecution Team agreed during settlement negotiations to reduce the administrative civil liability amount contained in the penalty calculation methodology included as Attachment A in consideration of hearing and/or litigation risks.
13. The Parties have engaged in confidential settlement negotiations and agree to fully settle the violations alleged in this Stipulated Order and Attachment A without administrative or civil litigation and by presenting this Stipulation to the Los Angeles Water Board, or its delegee, for adoption as an Order by settlement, pursuant to Water Code section 13323 and Government Code section 11415.60.
14. To resolve the violations by consent and without further administrative or civil proceedings, the Parties have agreed to the imposition of an administrative civil liability against the Discharger in the amount of six million dollars (\$6,000,000). The

Prosecution Team believes that the resolution of the alleged violations is fair and reasonable and fulfills its enforcement objectives, that no further action is warranted concerning the violations alleged herein, and that this Stipulated Order is in the best interest of the public.

III. Stipulations

The Parties stipulate to the following:

1. **Jurisdiction:** The Parties agree that the Los Angeles Water Board has subject matter jurisdiction over the matters alleged in this action and personal jurisdiction of the Parties to this Stipulation.
2. **Administrative Civil Liability:** The Discharger hereby agrees to the imposition of an administrative civil liability in the amount of **six million dollars (\$6,000,000)** to resolve the violations specifically alleged in this Stipulated Order as follows:

- a. No later than thirty (30) days after the effective date of this Order, the Discharger shall submit a check for **twenty thousand dollars (\$20,000)** to the State Water Board. The check shall be made payable to the "State Water Pollution Cleanup and Abatement Account," reference Order No. R4-2023-0088, and be mailed to:

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

The Discharger shall provide a copy of the check via email to the State Water Board, Office of Enforcement (Kailyn.Ellison@waterboards.ca.gov) and to the Los Angeles Water Board (Russ.Colby@waterboards.ca.gov).

- b. The Parties agree that the remaining **five million nine hundred eighty thousand dollars (\$5,980,000)** (SEP amount) of the administrative civil liability shall be utilized to implement the *Calas Park Stormwater and Water Quality Improvements Supplemental Environmental Project* (Calas Park Stormwater SEP) as described herein and in Attachment B, which is hereby incorporated by reference. The Calas Park Stormwater SEP is designed to capture and pre-treat 2.8 acre-feet of stormwater annually, and then infiltrate the stormwater onsite through the use of underground storage vaults, bioswales, rain gardens, and infiltration galleries.

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- c. The State Water Board's May 3, 2018 Policy on Supplemental Environmental Projects (SEP Policy) section VIII.B. provides:

Unless otherwise permitted by statute or approved by the Director of [the Office of Enforcement (OE)] based on a finding of compelling justification due to exceptional circumstances . . . no settlement shall be approved by the Water Boards that fund a [Supplemental Environmental Project (SEP)] in an amount greater than 50 percent of the total adjusted monetary assessment against the settling party. The total adjusted monetary assessment is the total amount assessed, exclusive of a Water Board's investigative and enforcement costs.

The Director of OE may approve a proposed settlement to fund a SEP in an amount greater than 50 percent of the total adjusted monetary assessment in cases where the SEP is located in or benefits a disadvantaged community, an environmental justice community, a community that has a financial hardship, or where the SEP substantially furthers the human right to water. The Calas Park Stormwater SEP is within areas that have a Disadvantaged Community (DAC) score within the top 25%, as found in the CalEnviroScreen 4.0. The particular tract in which Calas Park is located scored in the 92nd percentile as a DAC.

Pursuant to the Director of OE's April 30, 2021 memorandum on approving disadvantaged community and environmental justice SEPs greater than 50 percent of the total adjusted monetary assessment (SEP Memo), more than 50 percent to the total adjusted monetary assessment may be dedicated to the SEP because it is located in and/or benefits a disadvantaged community as described in Attachment B. Notice and an opportunity to object was provided to the Director of OE.

3. **SEP Requirements:** The Parties agree that the SEP Amount specified in Section III, paragraph 2.b., is for the Calas Park Stormwater SEP identified in Attachment B and that SEP Amount shall be treated as a suspended administrative civil liability at the time of project completion for purposes of this Stipulated Order. The Los Angeles Water Board is entitled to recover any SEP funds that are not expended in accordance with this Stipulated Order. Detailed project descriptions, including milestones, budgets, and performance measures are attached hereto as Attachment B.
4. **Representation of the Discharger:** As a material consideration for the Los Angeles Water Board's acceptance of this Order, the Discharger represents that it will utilize

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the SEP Amount to implement the Calas Park Stormwater SEP in accordance with terms and conditions described in this Stipulated Order and Attachment B. The Discharger understands that its commitment to implement the Calas Park Stormwater SEP in accordance with the schedule and deliverables for implementation is a material condition of this settlement of liability between the Parties.

5. **Nexus to the Violation:** The SEP Policy requires that a SEP have a nexus to the alleged violation. (SEP Policy, section VIII.F.) The Calas Park Stormwater SEP has a geographic nexus to Violation 1 as it is within the same watershed (Dominguez Channel) and approximately two miles from the location of the sanitary sewer overflow alleged under Violation 1; the Calas Park Stormwater SEP also has a geographic nexus to Violation 2 as it is within 50 miles of the sanitary sewer overflows alleged under Violation 2. The Calas Park Stormwater SEP will reduce the potential for several types of pollutants, including bacteria and metals, to enter the Dominguez Channel.
6. **SEP Categories:** The SEP Policy provides for seven categories of SEPs. (SEP Policy, section V.) The Calas Park Stormwater SEP falls under the "Pollution Prevention" and "Pollution Reduction" categories. The project will capture and infiltrate stormwater, thus reducing the mobilization of stormwater-associated pollutants such as zinc and bacteria from the drainage area, and reducing the volume and magnitude of stormwater runoff to the Dominguez Channel. In addition, the construction of the project, and the included stormwater education signage, will promote public awareness and education regarding urban runoff and the need to prevent pollution and protect water quality.
7. **SEP Oversight:** The City of Carson Public Works Department will implement the Calas Park Stormwater SEP on behalf of the Discharger. The Los Angeles Water Board will provide additional oversight of the Calas Park Stormwater SEP, which includes, but is not limited to, updating regulatory and records databases, reviewing and evaluating progress, conducting site inspections, reviewing the final completion report, and verifying appropriate expenditure of the SEP Amount.
8. **SEP Completion Date:** Pursuant to SEP Policy section VIII.B., the Director of OE may approve a project implementation schedule memorialized in a stipulated order allowing for a SEP to be completed within 48 months based on a finding that a SEP provides an exceptional environmental benefit. On June 1, 2023, the Director of OE granted the Prosecution Team's request for the 48-month project implementation schedule through issuance of the *Director of the Office of Enforcement's Findings of*

Exception Environmental Benefit for the Calas Park Stormwater SEP with a 48-Month Project Schedule, based on finding an exceptional environmental benefit.

9. **Reporting Requirements for the SEP:** The Discharger will provide the following reports to the Los Angeles Water Board:
 - a. **Quarterly Reports:** Quarterly Reports must be submitted in accordance with the schedule provided in Attachment B (*i.e.*, by May 1, August 1, November 1, and February 1 each year). **The first Quarterly Report is due on February 1, 2024**, and is to cover the period of October through December 2023. The Quarterly Reports must describe the tasks completed and funds expended during the previous quarter, and proposed work for the following quarter. In addition, the Quarterly Reports must describe whether the Discharger is in compliance with the milestones and deadlines contained in Attachment B, and if not, the cause(s) of the delay(s) and the anticipated date of compliance with this Stipulated Order. The Quarterly Reports may also include descriptions and photos of activities completed during the previous quarter and an analysis of the Calas Park Stormwater SEP's progress.
 - b. **Certification of SEP Completion:** No later than 54-months after the effective date of the Stipulated Order, the Discharger must submit a final report that documents SEP completion and provides a certified statement of SEP completion (Certification of SEP Completion), signed under penalty of perjury, that documents the following:
 - i. Certification of completion in accordance with the terms of this Stipulated Order, addressing how the expected outcome(s) for the project were met,
 - ii. Certification documenting the expenditures by the Discharger and/or the City of Carson during the completion period for the Calas Park Stormwater SEP, and
 - iii. Certification that the Discharger and/or the City of Carson followed all applicable environmental laws and regulations in implementing the SEP, including the California Environmental Quality Act, Porter-Cologne Water Quality Control Act, and federal Clean Water Act.

Documentation of SEP completion may include photographs, invoices, receipts, certifications, and other materials reasonably necessary for the Los Angeles Water Board to evaluate SEP completion and the costs incurred.

10. **Publicity Associated with the SEP:** Whenever the Discharger or its agents (City of Carson) publicizes one or more SEP elements, it shall state in a prominent manner that the project is undertaken as part of a settlement of a Los Angeles Water Board enforcement action against the Discharger.
11. **Site Inspections:** Delivery of the SEP amount by the Discharger to the City of Carson will be conditioned upon (a) the Los Angeles Water Board staff being permitted by the City of Carson to inspect the Calas Park Stormwater SEP implementation locations during normal business hours, provided reasonable notice is provided to the City of Carson, and (b) the City of Carson providing access to documents associated with Calas Park Stormwater SEP implementation for review by Los Angeles Water Board staff upon request.
12. **SEPs are Above and Beyond the Discharger's Obligations:** The Calas Park Stormwater SEP included in this Stipulated Order contains only measures that go above and beyond the Discharger's obligations. The Calas Park Stormwater SEP is not part of the Discharger's normal business nor is the Discharger otherwise legally required to implement any portion of the Calas Park Stormwater SEP.
13. **No Benefit to Los Angeles Water Board Functions, Members, or Staff:** The Calas Park Stormwater SEP provides no direct fiscal benefit to the Los Angeles Water Board's functions, its members, its staff, or any family member of staff.
14. **Los Angeles Water Board Not Liable:** The Los Angeles Water Board and its members, staff, attorneys, and representatives shall not be liable for any injury or damage to persons or property resulting from negligent or intentional acts or omissions by the Discharger or its directors, officers, employees, agents, representatives, or contractors in carrying out activities pursuant to this Stipulated Order.
15. **Third Party Audit:** The SEP Policy requires that if a project has a direct cost of over one million dollars, the Discharger must have a third-party financial audit performed after the completion of the project. Pursuant to Section IX.I of the SEP Policy, the Discharger shall submit an audit report prepared by an independent third party, acceptable to the Los Angeles Water Board, providing such party's professional opinion that the Discharger has expended money in the amount claimed by the Discharger. This audit report shall be at the sole cost of the Discharger and shall be submitted within six (6) months of the SEP Completion Date. The audit need not address any costs incurred by the Los Angeles Water Board for SEP oversight.

16. **Request for Extension of Completion Date:** If the Discharger anticipates delay in the schedule for any milestone or deadline resulting in the need to extend the Completion Date, the Discharger, and/or the Discharger's agents, shall notify the Executive Officer in writing at least thirty (30) days prior to the deadline or completion date of the event or circumstance that caused delay. The notice shall describe the reason for the inability to complete the milestone deadline or the SEP by the SEP Completion Date and specifically refer to this Paragraph. The notice shall describe the anticipated length of time the delay may persist, the cause or causes of the delay including whether the circumstance(s) was beyond the reasonable control of the Discharger and/or the Discharger's agents (e.g., City of Carson), the measures taken or to be taken to minimize the delay, and provide an updated milestone schedule by which the measures will be implemented. The Discharger shall adopt all reasonable measures to avoid and minimize such delays.

The determination as to whether the circumstances were beyond the reasonable control of the Discharger, and/or the Discharger's agents will be made by the Executive Officer. Where the Executive Officer concurs that compliance was or is impossible, despite timely good faith efforts, due to circumstances beyond its control that could not have been reasonably foreseen and prevented by the exercise of reasonable diligence by the Discharger and/or the Discharger's agents, a new compliance deadline shall be established. The Executive Officer will endeavor to grant a reasonable extension of time if warranted.

17. **Failure to Expend the SEP Amount on the Approved SEP:** If the Discharger is not able to demonstrate to the reasonable satisfaction of the Executive Officer that the entire SEP Amount was spent on the completed Calas Park Stormwater SEP, the Discharger shall pay the difference between the SEP Amount and the amount the Discharger can demonstrate was actually spent on the Calas Park Stormwater SEP (the Difference). The Executive Officer shall issue a "Notice of Violation" that will require the Discharger to pay the Difference to the State Water Pollution Cleanup and Abatement Account within thirty (30) days of the Notice of Violation's issuance date. The Discharger shall submit payment consistent with the payment method described in Section III, paragraph 2.a., above. Payment of the Difference shall satisfy the Discharger's obligations to implement the Calas Park Stormwater SEP.
18. **Failure to Complete the SEP:** If the Calas Park Stormwater SEP is not fully implemented by the SEP Completion Date listed in Attachment B, or if there has been a material failure to satisfy a project milestone necessary to implement the Calas Park Stormwater SEP, the Executive Officer shall issue a "Notice of Failure to Complete SEP". The amount of suspended liability owed shall be determined via a

Motion for Payment of Suspended Liability before the Los Angeles Water Board or its delegee. The Discharger shall be liable to pay the entire SEP Amount, or, if shown by the Discharger, some portion thereof less the value of any completed milestones as stipulated to by the Parties in writing, or as determined by the Motion for Payment of Suspended Liability. Unless the Los Angeles Water Board or its delegee determines otherwise, the Discharger shall not be entitled to any credit, offset, or reimbursement from the Los Angeles Water Board for expenditures made on the Calas Park Stormwater SEP prior to the issuance date of the Notice. Within thirty (30) days of the Los Angeles Water Board's or its delegee's determination of the suspended liability amount assessed for the Discharger to pay, the Discharger shall submit payment consistent with the payment method described in Section III, paragraph 2.a., above. Payment of the assessed amount shall satisfy the Discharger's obligations to implement the Calas Park Stormwater SEP.

19. **Replacement SEP:** If there is a material failure, in whole or in part, to perform the Calas Park Stormwater SEP described in Section III, paragraph 2.b., and Attachment B, due to circumstances beyond the control of the Discharger and/or the Discharger's agents (e.g., the City of Carson), and the Los Angeles Water Board does not move to collect the Payment of Suspended Liability amount as provided in Section III, paragraph 18, above, the Parties agree that the Discharger may propose a Replacement SEP. Whether there is a material failure to perform the Calas Park Stormwater SEP described in Section III, paragraph 2.b., and Attachment B shall be determined by the Executive Officer. The Discharger shall have sixty (60) days from the date of the Executive Officer's determination to propose a Replacement SEP(s). The cost of the Replacement SEP shall be for the entire SEP Amount, or some portion thereof less the value of any completed milestones as stipulated to by the Parties in writing and shall be treated as a suspended liability subject to the same conditions provided for the SEP being replaced. The terms and conditions of the Replacement SEP shall be memorialized in a Supplemental Agreement to this Stipulated Order, signed by both parties and approved by the Los Angeles Water Board or its delegee. The Replacement SEP shall meet the criteria in the SEP Policy, and shall be completed within 36 months of the Los Angeles Water Board's or its delegee's approval of the Supplemental Agreement (Replacement SEP Completion Date). The Executive Officer may grant an extension for good cause shown as to why the Replacement SEP cannot be completed by the Replacement SEP Completion Date. The Parties agree that, unless requested by the Executive Officer, the Supplemental Agreement will not be subject to public notice and comment so long as the initial notice and comment period complied with federal and/or state requirements. If there is a material failure to perform a Replacement SEP, then the Executive Officer shall issue a "Notice of Failure to Complete SEP" as described in

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Section III, paragraph 18. The Discharger shall not have an opportunity to propose a second Replacement SEP should it fail to complete the Replacement SEP for any reason.

20. **Los Angeles Water Board Acceptance of Completed SEP:** Upon the Discharger's satisfaction of its obligations under this Stipulated Order, the completion of the Calas Park Stormwater SEP and any audits, the designated Los Angeles Water Board or its delegee shall issue a "Satisfaction of Order." The issuance of the Satisfaction of Order will terminate any further obligation of the Discharger under this Stipulated Order and permanently suspend the SEP Amount.
21. **Compliance with Applicable Laws and Regulatory Changes:** The Discharger understands that payment of an administrative civil liability in accordance with the terms of this Stipulated Order and/or compliance with the terms of this Stipulated Order is not a substitute for compliance with applicable laws, and that additional violations of the type alleged may subject it to further enforcement, including additional administrative civil liabilities. Nothing in this Stipulated Order shall excuse the Discharger from meeting any more stringent requirements which may be imposed hereafter by changes in applicable and legally binding legislation or regulations.
22. **Party Contacts for Communications Related to Stipulated Order:**

For the Los Angeles Water Board:

Russ Colby, Environmental Program Manager
Los Angeles Regional Water Quality Control Board
(213) 620-6375
russ.colby@waterboards.ca.gov

For the Discharger:

Lysa Gaboudian, Supervising Engineer
Los Angeles County Sanitation Districts
(562) 908-4288, extension 2811
lgaboudian@lacsdsd.org

23. **Attorneys' Fees and Costs:** Except as otherwise provided herein, each Party shall bear all attorneys' fees and costs arising from the Party's own counsel in connection with the matters set forth herein.
24. **Covered Matters:** Upon the Los Angeles Water Board's or its delegee's adoption of this Order, this Order presents a final and binding resolution and settlement of the

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alleged violations in this Stipulated Order. The provisions of this Paragraph are expressly conditioned on the full payment of the administrative civil liability by the deadline specified in Section III, paragraph 2.a., and the successful completion of the Calas Park Stormwater SEP as outlined in this Stipulated Order and Attachment B, or full payment of the associated SEP Amount.

25. **Public Notice:** The Discharger understands that this Stipulated Order will be noticed for a thirty (30)-day public review and comment period prior to consideration by the Los Angeles Water Board, or its delegee. If significant new information is received that reasonably affects the propriety of presenting this Stipulated Order to the Los Angeles Water Board, or its delegee, for adoption, the Assistant Executive Officer may unilaterally declare this Stipulated Order void and decide not to present it to the Los Angeles Water Board, or its delegee. The Discharger agrees that it may not rescind or otherwise withdraw its approval of this proposed Stipulated Order.
26. **Procedure:** The Parties agree that the procedure that has been adopted for the approval of the settlement by the Parties and review by the public, as reflected in this Order, will be adequate. In the event procedural objections are raised prior to this Stipulated Order becoming effective, the Parties agree to meet and confer concerning any such objections, and may agree to revise or adjust the procedure as necessary or advisable under the circumstances.
27. **No Waiver of Right to Enforce:** The failure of the Prosecution Team or Los Angeles Water Board to enforce any provision of this Stipulated Order shall in no way be deemed a waiver of such provision, or in any way affect the validity of this Stipulated Order. The failure of the Prosecution Team or Los Angeles Water Board to enforce any such provision shall not preclude it from later enforcing the same or any other provision of this Stipulated Order except the Los Angeles Water Board must comply with applicable requirements regarding timeliness of bringing action. No oral advice, guidance, suggestions, or comments by employees or officials of any Party regarding matters covered under this Stipulated Order shall be construed to relieve any Party regarding matters covered in this Stipulated Order. The Los Angeles Water Board reserves all rights to take additional enforcement actions, including without limitation, the issuance of administrative civil liability complaints or orders for violations other than those addressed by this Order.
28. **Effect of Stipulated Order:** Except as expressly provided in this Stipulated Order, nothing in this Stipulated Order is intended nor shall it be construed to preclude the Los Angeles Water Board or any state agency, department, board or entity or any local agency from exercising its authority under any law, statute, or regulation.

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29. **Interpretation:** This Stipulated Order shall not be construed against the party preparing it, but shall be construed as if the Parties jointly prepared it and any uncertainty and ambiguity shall not be interpreted against any one party.
30. **Modification:** This Stipulated Order shall not be modified by any of the Parties by oral representation whether made before or after the execution of this Order. All modifications must be made in writing and approved by the Los Angeles Water Board or its delegee.
31. **Integration:** This Stipulated Order constitutes the entire agreement between the Parties and may not be amended or supplemented except as provided for in this Stipulated Order.
32. **If Order Does Not Take Effect:** The Discharger's obligations under this Stipulated Order are contingent upon the entry of the Order of the Los Angeles Water Board as proposed. In the event that this Stipulated Order does not take effect because it is not approved by the Los Angeles Water Board, or its delegee, or is vacated in whole or in part by the State Water Board or a court, the Parties acknowledge that the Prosecution Team may proceed to a contested evidentiary hearing before the Los Angeles Water Board to determine whether to assess an administrative civil liability for the underlying alleged violations, or may continue to pursue settlement. The Parties agree that all oral and written statements and agreements made during the course of settlement discussions will not be admissible as evidence in any subsequent administrative or judicial proceeding or hearing and will be fully protected by California Evidence Code sections 1152 and 1154; California Government Code section 11415.60; Rule 408, Federal Rules of Evidence; and any other applicable privilege under federal and/or state law. The Parties also agree to waive any and all objections related to their efforts to settle this matter, including, but not limited to:
 - a. Objections related to prejudice or bias of any of the Los Angeles Water Board members or their advisors and any other objections to the extent that they are premised in whole or in part on the fact that the Los Angeles Water Board members or their advisors were exposed to some of the material facts and the Parties settlement positions, and therefore may have formed impressions or conclusions, prior to conducting any contested evidentiary hearing in this matter;
or

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- b. Laches or delay or other equitable defenses based on the time period that the Order or decision by settlement may be subject to administrative or judicial review.
33. **Waiver of Hearing:** The Discharger has been informed of the rights provided by Water Code section 13323, subdivision (b), and, if the settlement is adopted by the Los Angeles Water Board or its delegee, hereby waives its right to a hearing before the Los Angeles Water Board prior to the Stipulated Order's adoption. However, should the settlement not be adopted, and should the matter proceed to the Los Angeles Water Board or State Water Board for hearing, the Discharger does not waive the right to a hearing before an order is imposed.
34. **Waiver of Right to Petition:** Except in the instance where the settlement is not adopted by the Los Angeles Water Board, the Discharger hereby waives the right to petition the Los Angeles Water Board's adoption of the Stipulated Order to the State Water Board, and further waives the right, if any, to appeal the adopted Stipulated Order to a California Superior Court and/or any California appellate level court.
35. **Covenant Not to Sue:** The Discharger covenants not to sue or pursue any administrative or civil claim(s) against any State Agency or the State of California, their officers, Board Members, employees, representatives, agents, or attorneys arising out of or relating to any matter expressly addressed by this Stipulated Order.
36. **Authority to Bind:** Each person executing this Stipulated Order in a representative capacity represents and warrants that they are authorized to execute this Order on behalf of and to bind the entity on whose behalf the Order is executed.
37. **Necessity for Written Approvals:** All approvals and decisions of the Los Angeles Water Board under the terms of this Stipulated Order shall be communicated to the Discharger in writing. No oral advice, guidance, suggestions, or comments by employees or officials of the Los Angeles Water Board regarding submissions or notices shall be construed to relieve the Discharger of its obligation to obtain any final written approval required by this Stipulated Order.
38. **No Third Party Beneficiaries:** This Stipulated Order is not intended to confer any rights or obligation on any third party or parties, and no third party or parties shall have any right of action under this Stipulated Order for any cause whatsoever.
39. **No Admission of Liability/No Waiver of Defenses:** In settling this matter, the Discharger does not admit to any of the allegations stated herein or admit to any violations of the Water Code, or any other federal, State, or local law or ordinance,

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but recognizes that this Stipulated Order may be used as evidence of a prior enforcement action against the JOS and/or County Sanitation District Nos. 2, 5, 8, 15, 16, and/or 21, consistent with Water Code sections 13327 and 13385, subdivision (e). By entering into this Stipulated Order, the Discharger does not waive any defenses or arguments related to any new enforcement action the Los Angeles Water Board may bring in the future.

40. **Severability:** This Stipulated Order is severable; should any provision be found invalid, the remainder shall remain in full force and effect.
41. **Effective Date:** This Stipulated Order shall be effective and binding on the Parties upon the date the Los Angeles Water Board, or its delegee, enters the Order incorporating the terms of this Stipulated Order.
42. **Counterpart Signatures:** This Order may be executed and delivered in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, but such counterparts shall together constitute one document. Further, this Stipulated Order may be executed by facsimile or electronic signature, and any such facsimile or electronic signature by any Party hereto shall be deemed to be an original signature and shall be binding on such Party to the same extent as if such facsimile or electronic signature were an original signature.

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IT IS SO STIPULATED.

California Regional Water Quality Control Board, Los Angeles Region Prosecution Team

By: Hugh Marley Digitally signed by Hugh Marley
Date: 2023.09.29 09:12:11 -07'00' 9/29/23
Hugh Marley Water Boards Date
Assistant Executive Officer

County Sanitation District No. 2 of Los Angeles County on behalf of the Joint Outfall System

By: Robert C. Ferrante 9/28/23
Robert C. Ferrante Date
Chief Engineer and General Manager

Approved as to Form:

By: Nicole Granquist Digitally signed by Nicole
Granquist
Date: 2023.09.29
01:27:24 -07'00' 9/29/23
Nicole E. Granquist Date
Downey Brand LLP
Special Counsel for County Sanitation District
No. 2 of Los Angeles County/JOS

HAVING CONSIDERED THE PARTIES' STIPULATIONS, THE LOS ANGELES REGIONAL WATER QUALITY CONTROL BOARD FINDS THAT:

1. The foregoing Stipulation is fully incorporated herein and made part of this Order.
2. This is an action to enforce the laws and regulations administered by the Los Angeles Water Board. The Los Angeles Water Board finds that issuance of this Order is exempt from the provisions of the California Environmental Quality Act (Public Resources Code, sections 21000 et seq.), in accordance with section 15321, subdivision (a)(2), Title 14, of the California Code of Regulations.
3. The Executive Officer of the Los Angeles Water Board is authorized to refer this matter directly to the Attorney General for enforcement if the Discharger fails to perform any of its obligations under this Order.

Pursuant to Water Code section 13323 and Government Code section 11415.60, **IT IS HEREBY ORDERED** on behalf of the California Regional Water Quality Control Board, Los Angeles Region.

Susana Arredondo
Digitally signed by Susana Arredondo
Date: 2024.01.17 16:21:30 -08'00'

1/17/24

Susana Arredondo
Executive Officer
Los Angeles Regional Water Quality Control Board

Date

- Attachment A: Penalty Calculation Methodology
Attachment B: Calas Park Stormwater and Water Quality Improvements
Supplemental Environmental Project Workplan

ATTACHMENT A
PENALTY CALCULATION METHODOLOGY
ORDER NO. R4-2023-0088
FOR
LOS ANGELES COUNTY SANITATION DISTRICTS' JOINT OUTFALL SYSTEM
SANITARY SEWER OVERFLOWS (2018-2022)¹
LOS ANGELES COUNTY

This document provides details to support a discretionary administrative civil liability in response to the Los Angeles County Sanitation Districts' Joint Outfall System's (JOS or Discharger) violation of California Water Code (CWC) section 13376, Clean Water Act section 301, and the State Water Resources Control Board (State Water Board) *Statewide General Waste Discharge Requirements for Sanitary Sewer Systems*, Order No. 2006-0003-DWQ (SSS WDR) for sanitary sewer overflows (SSOs) which took place from January 25, 2018 through September 6, 2022.

The Los Angeles Regional Water Quality Control Board (Los Angeles Water Board) Prosecution Team has derived the proposed administrative civil liability following the State Water Resources Control Board's (State Water Board's) 2017 Water Quality Enforcement Policy² (Enforcement Policy).

Application of the Enforcement Policy

The Enforcement Policy establishes a methodology for assessing administrative civil liability considering specific factors required by CWC sections 13327 and 13385, subdivision (e), including "...the 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 its ability to continue its business, any voluntary cleanup efforts undertaken, any prior history of violations, the degree of culpability, economic benefit or savings, if any, resulting from the violation, and other matters that justice may require." This document applies the methodology associated with the Enforcement Policy's steps, as discussed in detail below.

Summary of Alleged Violations

This administrative civil liability addresses alleged Category 1 violations of the SSS WDR that occurred between January 25, 2018, and September 6, 2022. Category 1 spills are

¹ This administrative civil liability addresses all overflows from January 25, 2018 through September 6, 2022 other than the December 25, 2020 spill of 222,542 gallons from the sewage force main at the Long Beach Water Reclamation Plant (CIWQS spill ID 871320). The Los Angeles Water Board reserves its right to undertake separate discretionary enforcement for that event.

²https://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2017/040417_9_final%20adopted%20policy.pdf

discharges of untreated or partially treated wastewater resulting from a sanitary sewer system failure in which the spill reaches surface water and/or a drainage channel tributary to a surface water; or reaches a Municipal Separate Storm Sewer System (MS4) and are not fully captured and returned to the sanitary sewer system or not otherwise captured and disposed of properly. Violation 1 took place on December 30-31, 2021, and is the discharge of over eight million gallons of untreated wastewater to the Dominguez Channel Estuary, a water of the United States. Violation 2 is an aggregate of the 13 additional Category 1 SSOs to waters of the United States that occurred between January 25, 2018, and September 6, 2022³.

Table 1, below, summarizes the alleged violations that are the subject of this liability assessment, and the Enforcement Policy factors that were used to determine a liability. The remainder of this document contains a full description of each violation, a complete assessment of the factors used to determine the base liability for each violation, and a discussion of the additional factors used to determine the final proposed liability.

Legal Considerations

The Los Angeles County Sanitation Districts is a confederation of 24 independent special districts that serve wastewater and solid waste management to approximately 5.5 million people in Los Angeles County. Pursuant to a Joint Outfall Agreement effective July 1, 2022, 17 of the 24 special districts proportionally share ownership and operation of the JOS, a regional interconnected system of wastewater conveyance and treatment facilities that include 1,220 miles of sewers to convey approximately 350 million gallons per day of wastewater to 7 wastewater treatment plants. The events described herein all occurred within the JOS. These special districts include Los Angeles County Sanitation Districts Nos. 1, 2, 3, 5, 8, 15, 16, 17, 18, 19, 21, 22, 23, 28, 29, and 34, and South Bay Cities Sanitation District of Los Angeles County. County Sanitation District No. 2 of Los Angeles County acts as the Administrative District on behalf of the JOS for various purposes, including entering agreements, such as the settlement agreement and stipulated order. The Discharger has been subject to the SSS WDR since its adoption in 2006.

The SSS WDR prohibits SSOs that result in the discharge of untreated wastewater to surface waters. In particular, Prohibition C.1 states “*Any SSO that results in a discharge of untreated or partially treated wastewater to waters of the United States is prohibited.*” In addition, the discharge of wastewater to waters of the United States without a permit is a violation of CWC section 13376 and Clean Water Act section 301.

³ As noted in footnote 1, these 13 spills do not include the December 25, 2020, spill of 222,542 gallons from the sewage force main at the Long Beach Water Reclamation Plant (CIWQS spill ID 871320).

On 14 separate occasions between January 25, 2018, and September 6, 2022, the Discharger discharged over 8.5 million gallons (total) of untreated domestic and municipal wastewater from its collection system to waters of the United States. The Discharger did not file a report of waste discharge or have a permit to discharge pollutants into waters of the United States. Therefore, these discharges were in violation of the SSS WDR, CWC section 13376, and Clean Water Act section 301.

A discharger who violates CWC section 13376 or Clean Water Act section 301 is subject to administrative civil liability under CWC section 13385, subdivision (a). Additionally, the unauthorized discharge of untreated wastewater in violation of Prohibition C.1 of the SSS WDR is subject to administrative civil liability under CWC section 13350. The Los Angeles Water Board Prosecution Team has elected to pursue enforcement of the alleged violations pursuant to CWC section 13385, subdivision (a). Liability is assessed pursuant to CWC section 13385, subdivision (c), which states, in part:

Civil liability may be imposed administratively by the state board or a regional board ...in an amount not to exceed the sum of both of the following:

- (1) Ten thousand dollars (\$10,000) for each day in which the violation occurs.*
- (2) Where there is a discharge, any portion of which is not susceptible to cleanup or is not cleaned up, and the volume discharged but not cleaned up exceeds 1,000 gallons, an additional liability not to exceed ten dollars (\$10) multiplied by the number of gallons by which the volume discharged but not cleaned up exceeds 1,000 gallons.*

Table 1: Summary of Violations and Liability Calculations

Summary of Violation	Potential for Harm Factors	Discharge Assessment Factors	Gallons (less 1,000) and days of discharge	Culpability	History of Violations	C/C⁴	Total Base Liability Amount	Statutory Maximum
1. Discharge of 8,507,790 gallons of untreated wastewater to the Dominguez Channel Estuary	Toxicity=above moderate (3) Harm =major (5) Susceptibility to Cleanup or Abatement = 1 Potential for Harm Score = 9	Deviation from Requirement = major Per gallon and per day factor = 0.8	8,506,790 gallons discharged over two days High volume discharges = \$1/gallon	1.3	1.0	0.8	\$7,094,289	\$85,087,900
2. Remaining Category 1 spills that took place between January 25, 2018 and September 6, 2022. (See Table 2 for a complete listing).	Toxicity=above moderate (3) Harm =moderate (2) Susceptibility to Cleanup or Abatement = 1 Potential for Harm Score = 6	Deviation from Requirement = major Per gallon and per day factor = 0.28	75,046 gallons discharged over 13 days	1.1	1.0	1.0	\$271,182	\$880,460
Combined Total Base Liability Amount:	\$7,365,471							
Ability to Pay and Ability to Continue in Business:	The Discharger has the ability to pay and continue in business. The Discharger's 2022 Annual Comprehensive Financial Report shows that the Discharger has a net position of over \$1.9 billion; as of April 30, 2023, the Discharger has \$466 million in total cash and investments.							
Economic Benefit:	\$4,594							
Other Factors as Justice May Require:	Staff costs = \$16,976							
Maximum Liability Amount:	\$85,968,360							
Minimum Liability Amount:	\$5,053							
Final Liability Amount:	\$7,382,447 ⁵							

⁴ Cleanup and Cooperation

⁵ As explained in Section II, paragraph 12 of the Stipulated Order, the administrative civil liability was reduced to \$6,000,000 under Enforcement Policy, section VI.B. (Settlement Considerations) in consideration of hearing and/or litigation risk.

VIOLATION 1:

Discharge of Untreated Wastewater to the Dominguez Channel Estuary

On December 30, 2021, Los Angeles Water Board staff were notified by the California Office of Emergency Service (Cal OES) that untreated wastewater was flowing from a manhole at the intersection of 212th Street and Moneta Avenue in the City of Carson. Cal OES reported that untreated wastewater had entered the Dominguez Channel Estuary, a water of the United States. In subsequent communications, the Discharger clarified that the SSO was due to a collapsed sewer line located between the I-110 Freeway northbound off-ramp to 220th Street and a commercial building located at 22029 S. Figueroa Street in the City of Carson.

According to County Sanitation District No. 8's January 15, 2022 initial SSO Report, the SSO was discovered by a resident at approximately 1:30 p.m. on December 30, 2021. The SSO occurred as a result of the collapse of a 15-foot reach and manhole that caused a total blockage in the 48-inch 216th Street Relocation Trunk Sewer during a significant rain event. The SSO fully ceased⁶ at approximately 9:38 p.m. on December 31, 2021. During the two-day period, untreated wastewater overflowed from two manholes and entered a storm drain catch basin at the intersection at 212th Street and Moneta Avenue. This catch basin discharges to the Torrance Lateral, which in turn flows into the Dominguez Channel Estuary. The Dominguez Channel Estuary is a tributary to the Pacific Ocean.

The SSO Report estimated that 8,613,558 gallons of untreated wastewater spilled from the manholes, and of this, 35,000 gallons was recovered prior to reaching surface waters, while 8,578,558 gallons reached the Torrance Lateral. In response to questions from Los Angeles Water Board staff, the Discharger refined its calculations and stated that the spill volume was 8,542,790 gallons, of which 35,000 gallons were recovered prior to reaching surface waters and 8,507,790 gallons of untreated wastewater reached surface waters. The Los Angeles Water Board Prosecution Team agrees with the Discharger's updated calculations.

Step 1. Actual or Potential for Harm for Discharge Violations

The first step for discharge violations is to determine the actual or potential harm to the water body's beneficial uses by using a three-factor scoring system. Because actual harm is not always quantifiable, potential harm may be used for this factor.

⁶ The Discharger installed four bypass pumps and the spill temporarily stopped at about 8:00 a.m. on December 31, 2021. However, waste started spilling again at about 10:00 a.m. when the flow within the sewer system increased. A fifth bypass pump was then installed, and the spill was fully contained at 9:38 p.m. on December 31, 2021.

Factor 1: Degree of Toxicity of the Discharge: 3

The degree of toxicity considers the physical, chemical, biological, and/or thermal characteristics of the discharge, and the risk of damage the discharge could cause to the receptors or beneficial uses. A score between 0 and 4 is assigned. The discharge of untreated wastewater to surface water poses an above moderate risk or a direct threat to potential receptors for at least four reasons:

(1) Excess nutrients, such as nitrogen, phosphorus, and organic matter, are present in untreated wastewater and can cause nutrient over-enrichment in the receiving water. The over-enrichment can result in rapid growth of algae and nuisance plants as well as eutrophic conditions that can lead to oxygen depletion, negatively affecting plant and aquatic life.

(2) Untreated wastewater includes solids that may settle or stay in suspension in the receiving water, affecting aquatic wildlife through ingestion, impacting aesthetic uses throughout the water column, and preventing sunlight from penetrating the water column. Oil and grease may also be present in untreated wastewater and may float on the surface of a receiving water, causing aesthetic impacts.

(3) Untreated wastewater typically contains high levels of pathogenic microorganisms, including *Campylobacter*, *E. coli*, *Salmonella*, *Shigella*, *Vibrio Cholerae* and *Yersinia*. These microorganisms are harmful to human health through direct contact, ingestion, or via foodborne pathways such as fish consumption.

(4) Untreated wastewater typically contains ammonia and toxic pollutants (such as metals, hydrocarbons, and synthetic organics) from industrial wastewater sources; these pollutants can cause both chronic and acute toxicity to aquatic life. Although some industrial pollutants may not be completely removed by treatment methods commonly employed at wastewater treatment plants, sanitary sewer overflows eliminate the possibility of any treatment of the wastewater prior to its discharge to surface water, thereby significantly increasing the loading of toxic pollutants to the receiving water and posing greater threats to beneficial uses.

Given the facts above, the discharge of untreated wastewater possesses “an above moderate risk or a direct threat to potential human receptors” and a score of 3 is warranted.

Factor 2: Actual Harm or Potential Harm to Beneficial Uses: 5

This factor considers the actual harm or potential harm to beneficial uses that may result from exposure to the pollutants or contaminants in the discharge. A score between 0 and 5 is assigned.

Discharges of domestic and municipal wastewater to surface water must typically be treated to a high standard to prevent adverse impacts to human and aquatic life. The December 30-31, 2021 spill consisted of raw untreated wastewater, which typically contains pathogens, nitrogen, ammonia, total suspended solids, and biochemical oxygen demand. The untreated wastewater entered a storm drain catch basin which discharges to the Torrance Lateral. The Torrance Lateral flows into the Dominguez Channel Estuary, which in turn flows into the Pacific Ocean. According to the Los Angeles Water Board's *Water Quality Control Plan: Los Angeles Region Basin Plan for the Coastal Watersheds of Los Angeles and Ventura Counties* (Basin Plan), the existing and potential beneficial uses of the Dominguez Channel Estuary (below Vermont Avenue) are navigation; commercial and sport fishing; estuarine habitat; marine habitat; wildlife habitat; migration of aquatic organisms; spawning, reproduction, and/or early development; and rare, threatened, or endangered species. The Dominguez Channel Estuary is also designated to be used for non-contact water recreation and water contact recreation, but access is prohibited by Los Angeles County Department of Public Works.

Upon the December 30, 2021 notification of the spill, the Los Angeles County Department of Public Health (LACDPH) closed Cabrillo Beach, Point Fermin Beach, White Point Park Beach, Royal Palm State Beach, and Rancho Palos Verdes Beach. On December 31, 2021, the beach closure was updated to include all eight miles of Long Beach City beaches (under City of Long Beach Health and Human Services' jurisdiction) and all Los Angeles County beaches north to Rancho Palos Verdes Beach. The Orange County Health Care Agency also closed two beaches from December 30, 2021 to January 4, 2022. On January 3, 2022, LACDPH lifted the closure for Portuguese Bend in Rancho Palos Verdes, White Point at Royal Palms Beach, Wilder Addition Park at Point Fermin and Outer Cabrillo Beach in San Pedro. Inner Cabrillo Beach in San Pedro remained closed until January 5, 2022. The City of Long Beach Health and Human Services lifted its beach closures on January 5, 2022.

In response to the spill, the Discharger conducted water quality monitoring at 20 locations for bacteria, ammonia, dissolved oxygen, pH, and metals. Samples were taken upstream and downstream of the spill discharge point into the Torrance Lateral, upstream and downstream of the Torrance Lateral discharge point into the Dominguez Channel Estuary, at the shoreline of four beaches, and offshore of eight beaches. Sampling was delayed by one day after the spill event began due to heavy rain and unsafe conditions. Beach closure status is based on the public health agency's sampling regime, not the Discharger's sampling results.

In the Torrance Lateral, bacteria levels downstream of the spill location were higher than upstream until January 12, 2022 (13 days after the spill began). Within the Dominguez Channel Estuary, bacteriological sampling ceased on January 7, 2022 (eight days after the spill began) because analytical results indicated that water quality had returned to

background conditions. Bacteria levels exceeded the Basin Plan Bacteria Marine Objective at the mouth of the Los Angeles Harbor Breakwater on December 31, 2021 and at the Inner Cabrillo Beach on December 31, 2021 and January 2, 2022. Samples collected for ammonia and dissolved oxygen did not show an obvious water quality impact due to the SSO.

In general, untreated wastewater is known to contain solids and organic materials, ammonia, and excessive nutrients, all of which are potentially harmful to habitat-related beneficial uses due to solids deposition, oxygen depletion, and toxicity. Pathogenic organisms harmful to human health (such as Campylobacter, Salmonella, Shigella, Vibrio Cholera, and Yersinia) have the potential to impact other beneficial uses such as contact recreation (here, in the Pacific Ocean), and sport fishing due to direct contact with or ingestion of impacted waters, or indirect contact via foodborne pathways such as fish consumption. Oil, grease, and floatable or suspended materials may harm non-contact water recreation due to aesthetic impacts.

The Potential for Harm is major (5) because of the high threat to beneficial uses, as evidenced by the multiple miles of beach closures that lasted up to seven days, the elevated bacteria in the Torrance Lateral, the elevated bacteria in the Dominguez Channel Estuary, and the exceedance of the Basin Plan Bacteria Marine Objective at two ocean sampling locations. Wet weather conditions directly preceding the spill event may have contributed to the conditions.

Factor 3: Susceptibility to Cleanup or Abatement: 1

A score of 0 is assigned if the discharger cleans up 50% or more of the discharge within a reasonable time, while a score of 1 is assigned if less than 50% of the discharge is susceptible to clean up, or if 50% of the discharge is susceptible to cleanup or abatement, but the discharger failed to clean up 50% or more of the discharge within a reasonable time. For this case, 8,507,790 gallons spilled into the Torrance Lateral and moved downstream to the Dominguez Channel Estuary, dispersing, and dissipating in the watershed and was not recovered. Less than 50% of the spill was recovered; therefore, a score of 1 is appropriate for this factor.

Final "Potential for Harm" Score": 9

The scores for the three above factors are added, resulting in a Potential for Harm score of 9. This score is then used in Step 2.

Step 2. Assessment for Discharge Violations

This step addresses administrative civil liabilities for the spill based on both a per-gallon and a per-day basis.

1. Per Gallon Assessment

When there is a discharge, the Los Angeles Water Board is to determine an initial liability amount on a per-gallon basis using the Potential for Harm score and the Extent of Deviation from Requirement.

a. Deviation from Requirement: **Major**

This factor reflects the extent the alleged violation deviated from the specific requirement at issue, and is expressed as either minor, moderate, or major. A factor of “major” is assigned when the requirement has been rendered ineffective (e.g., the requirement was rendered ineffective in its essential functions).

Prohibition C.1 of the Statewide General Order prohibits any SSO that results in a discharge of untreated or partially treated wastewater to waters of the United States. Similarly, Clean Water Act section 301 prohibits the point source discharge of any pollutant to waters of the United States, except as authorized by an NPDES permit issued in accordance with CWC section 13376. The Discharger’s unpermitted discharge of untreated wastewater to a water of the United States without a permit renders each requirement ineffective in its essential function of protecting water quality. Therefore, a “major” Deviation from Requirement is appropriate.

b. Per Gallon Factor: **0.8**

Using a Potential for Harm score of 9 and a major Deviation from Requirement, Table 1 of the Enforcement Policy prescribes a factor of 0.8 as the Per Gallon Factor for the discharge.

c. Gallons Discharged to Surface Water: **8,507,790 gallons**

The Discharger’s May 13, 2022 email states 8,507,790 gallons of untreated wastewater reached surface waters. The Prosecution Team has reviewed the Discharger’s calculations and agrees with the volumes.

CWC section 13385, subdivision (c)(2) states that the per-gallon maximum civil liability is \$10/gallon multiplied by the number of gallons discharged but not cleaned up over 1,000 gallons. For this violation, the civil liability is based on 8,507,790 gallons minus 1,000 gallons, or 8,506,790 gallons. The Enforcement Policy allows for discharges that exceed 2,000,000 gallons, to use \$1/gallon in the penalty calculation instead of the statutory \$10/gallon. For this case, the Prosecution Team has elected to use \$1/gallon due to the nature and volume of the discharge. This reduction does not result in an inappropriately small liability.

Per Gallon Assessment:
 $0.8 \text{ per gallon factor} \times 8,506,790 \text{ gallons} \times \$1 \text{ per gallon} = \$6,805,432$

2. Per Day Assessment

When there is a discharge, the Los Angeles Water Board is to also determine an initial liability amount on a per-day basis using the Potential for Harm score and the extent of Deviation from Requirement.

a. Deviation from Requirement: **Major**

b. Per Day Factor: **0.8**

Using a Potential for Harm score of 9 and a major Deviation from Requirement, Table 2 of the Enforcement Policy prescribes a factor of 0.8 as the Per Day Factor for the discharge.

c. Days of Violation: **2**

The spill event took place over two days: December 30-31, 2021.

Per Day Assessment:
 $0.8 \text{ per day factor} \times 2 \text{ days} \times \$10,000 \text{ per day} = \$16,000$

3. Initial Liability Amount

The Per Gallon Assessment and the Per Day Assessment are added together to become the initial liability amount for Violation 1.

Initial Liability Amount for Violation 1:
 $\$6,805,432 + \$16,000 = \$6,821,432$

Step 3. Per Day Assessment for Non-Discharge Violations

The alleged violation is a discharge violation. Therefore, this step is not applicable.

Step 4. Adjustment Factors

The Enforcement Policy states that three additional factors must be considered for potential modification of the liability amount: (a) the Discharger's degree of culpability, (b) the

Discharger's prior history of violations, and (c) the Discharger's voluntary efforts to cleanup, or its cooperation with regulatory authorities after the violation.

Culpability: 1.3

The Enforcement Policy states that higher liabilities should result from intentional or negligent violations as opposed to accidental violations. A multiplier between 0.75 and 1.5 is used, with a higher multiplier for intentional misconduct or gross negligence. The information discussed below is taken from the Discharger's May 4, 2022 third-party audit report.

The 216th Street Relocation Trunk Sewer failed on segment pipe P20116 between manholes 644 and 476. This sewer pipe was a 48-inch diameter unlined reinforced concrete pipe that was approximately 60 years old. On December 30, 2021, a 15-foot length of the pipe collapsed, as well as manhole 476.

Between 2006 and 2021, this section of line had been inspected nine times by Closed Circuit TV (CCTV). The inspection frequency was elevated to yearly between 2016 and 2021. The most recent inspection occurred on December 1, 2021, only 29 days prior to the collapse. Since at least 2012, the Discharger tested the pH of the pipe and sprayed the pipe with magnesium hydroxide on six-month intervals. The measured pH ranged from 1 to 9 but was most often between 1 and 3. This indicates that the pipe was subject to high levels of acidity, leading to deterioration of the concrete. In fact, portions of the collapsed pipe had a thickness of less than 1". It is believed that corrosion of the pipeline and manhole was the primary cause of failure and subsequent SSO.

Although the pipe was subject to CCTV inspection, some of the videos were of poor quality and impacted by high water levels in the pipe, there was unclear imagery due to the equipment and/or material on the camera lens, and the magnesium hydroxide coating obscured the view of defects.

On February 10, 2015, the Discharger's staff prepared an internal memorandum requesting the rehabilitation of Condition 1 and 2 segments⁷ of the 216th Street trunk line within two years, or by 2017. The section of line that failed had been rated Condition 2. While the Discharger funded and commenced the efforts to replace the line as part of a larger global planned replacement sewer project, the construction process took longer than expected. The Discharger was in the process of building the replacement sewers (now complete with redundant trunk sewer lines) in the area of the spill when the event occurred. Previously, emergency repairs took place on a portion of the line in 2017, and the initial phase of the global planned replacement sewer project took place in late 2020. If a rehabilitation project

⁷ The Discharger utilizes a pipe rating system ranging from 1 through 4, with 1 being the worst condition sewers and 4 being the best condition with minimal defects.

is taking longer than expected, then a discharger should implement interim measures, if any, to reduce the risk of failure. The Discharger did not have a formal inspection program for sewer manholes and junction structures at the time of the spill; however, the Discharger has now implemented a formal inspection process as part of the planned programmatic changes.

Based on the above, the Discharger had knowledge of the poor condition of the pipe and knew rehabilitation was necessary. The project, though planned, was delayed, resulting in the discharge of over 8 million gallons of untreated wastewater to surface waters from the collapsed pipe. Therefore, a multiplier of 1.3 is assigned for this violation.

History of Violation: 1.0

When there is a history of repeat violations, the Enforcement Policy requires a minimum multiplier of 1.1, with higher values as appropriate. The Discharger does not have a history of adjudicated violations; therefore, a multiplier of 1.0 is appropriate.

Cleanup and Cooperation: 0.8

This factor reflects the extent to which a discharger voluntarily cooperates in returning to compliance and correcting environmental damage. A multiplier between 0.75 and 1.5 is applied, with a higher multiplier when there is a lack of cleanup or cooperation.

The spill began between 1:30 and 1:35 p.m. on December 30, 2021. The Discharger was notified at 1:50 p.m. on December 30, 2021. The Discharger relied on multiple contractors to respond to the emergency. Access to the spill location was difficult, but it still took over 32 hours, until 9:38 p.m. on December 31, 2021, for the Discharger to stop the spill through the installation of five bypass pumps. It also took over 13 hours, until 3:00 a.m. on December 31, 2021, to excavate, install shoring and secure the sinkhole. After securing the sinkhole, Discharger's contractor continued to clean up soil and debris through January 2, 2022 and conducted CCTV inspection to assess the condition of the sewer. On January 3, 2022, the downstream sewer was determined to be safe to reestablish the flow. In total, the flow was restored after five days.

While the facts above indicate some problems with the Discharger's response to the SSO, overall, the Discharger went above and beyond a normally expected response to an SSO and exceeded what was envisioned in the Discharger's Sanitary Sewer Overflow Response Plan. For example, the Discharger conducted the following activities:

- Enhanced public notification, such as stationing staff at each end of the West 212th Street throughout the entirety of the SSO event to prevent public contact with wastewater; going door-to-door to speak to affected residents on the evening of December 30th; meeting with residents to understand their concerns on January 3rd;

releasing public notification flyers in multiple languages; and providing daily updates regarding the spill and progress of cleanup on the Discharger's website.

- Enhanced cleaning activities including working throughout the night of December 31st to flush the north side of West 212th Street; re-flushing the north side of West 212th Street on January 1st; completing additional cleaning and disinfection of driveways and sidewalks on January 3rd; completing additional cleaning and disinfection of the south side of West 212th Street on January 3rd; completing additional cleaning of the north side of West 212th Street on January 5th; providing a mobile car washing service to affected residents; and contracting with a landscaping company to replace topsoil and vegetation in the affected landscaped areas.
- Retaining the services of a third-party consultant to perform an independent audit of the sewer collapse and the Discharger's response.

Overall, the Discharger's actions were above the minimum expected in cleaning up and returning to compliance, and therefore warrant a Cleanup and Cooperation factor of 0.8.

Step 5. Total Base Liability Amount

The Total Base Liability Amount is determined by multiplying the following: the Initial Liability, the degree of culpability factor, the history of violations factor, and the cleanup and cooperation factor.

<p>Total Base Liability Amount: Violation 1 \$6,821,432 x 1.3 x 1.0 x 0.8 = \$7,094,289</p>
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VIOLATION 2: Remaining Category 1 Spills From January 25, 2018 through September 6, 2022

Between January 25, 2018 and September 6, 2022, the Discharger reported 13 sanitary sewer overflows⁸ of untreated wastewater that entered surface waters. The Discharger has attributed these sanitary sewer overflows to operational and structural failures, including root intrusion, grease deposition, the presence of debris, and a lack of hydraulic capacity in the sewer. The 13 spills are listed in Table 2, below. Each incident is of similar magnitude and is therefore considered together instead of individually.

⁸ These 13 spills do not include the Carson spill (CIWQS Spill ID 878549) which is the subject of Violation 1, or the December 25, 2020 spill of 222,542 gallons from the sewage force main at the Long Beach Water Reclamation Plant (CIWQS Spill ID 871320). The Los Angeles Water Board reserves its right to undertake discretionary enforcement for the Long Beach spill.

Table 2: Remaining Category 1 Spills which occurred between January 25, 2018 and September 6, 2022

SSO # AND EVENT ID	SPILL START AND END DATES	TOTAL DAYS	COLLECTION SYSTEM	SPILL LOCATION	GALLONS DISCHARGED TO SURFACE WATER AND WATER BODY	GALLONS RECOVERED FROM SURFACE WATER	GALLONS DISCHARGED TO SURFACE WATER, LESS 1,000 GALLONS	CAUSE OF SPILL	LIABILITY AT \$10,000/DAY	LIABILITY AT \$10/GALLON	COMBINED MAXIMUM LIABILITY
1. 844340	1/25/2018- 1/25/2018	1	County Sanitation District No. 15 CS	Hill Drive Extension Trunk	8,551 (Rio Hondo)	0	7,551	Vandalism – Debris (rocks/wood)	\$10,000	\$75,510	\$85,510
2. 845320	3/3/2018- 3/3/2018	1	County Sanitation District No. 5 CS	South Inglewood-Orange Avenue Trunk Extension 2	5,731 (Dominguez Channel)	0	4,731	Debris from Construction	\$10,000	\$47,310	\$57,310
3. 855878	2/2/2019- 2/2/2019	1	County Sanitation District No. 2 CS	District #2 Main Trunk Sewer	4,415 (Los Angeles River)	0	3,415	Other – heavy rain event outpaced the hydraulic capacity of the sewer due to inflow/infiltration.	\$10,000	\$34,150	\$44,150
4. 855879	2/2/2019- 2/2/2019	1	County Sanitation District Joint Outfall CS	Joint Outfall B Unit 1C Replacement	3,964 (Los Angeles River)	0	2,964	Other – heavy rain event outpaced the hydraulic capacity of the sewer due to inflow/infiltration.	\$10,000	\$29,640	\$39,640
5. 856060	2/11/2019- 2/11/2019	1	County Sanitation District No. 16 CS	Chapel Avenue Trunk, Section 3	6,000 (Alhambra Wash)	6,000	0	Other – Link-Pipe Repair Sleeve Failure	\$10,000	\$0	\$10,000

SSO # AND EVENT ID	SPILL START AND END DATES	TOTAL DAYS	COLLECTION SYSTEM	SPILL LOCATION	GALLONS DISCHARGED TO SURFACE WATER AND WATER BODY	GALLONS RECOVERED FROM SURFACE WATER	GALLONS DISCHARGED TO SURFACE WATER, LESS 1,000 GALLONS	CAUSE OF SPILL	LIABILITY AT \$10,000/DAY	LIABILITY AT \$10/GALLON	COMBINED MAXIMUM LIABILITY
6. 856635	2/28/2019- 2/28/2019	1	County Sanitation District No. 2 CS	Monterey Park Relief Trunk Sewer	283 (Los Angeles River)	0	0	Vandalism – Debris (e.g., trash)	\$10,000	\$0	\$10,000
7. 860403	8/9/2019- 8/9/2019	1	County Sanitation District No. 21 CS	Pomona Boulevard Interceptor Trunk Sewer	835 (San Jose Creek)	835	0	Contractor activities accidentally punctured the sewer	\$10,000	\$0	\$10,000
8. 864079	12/29/2019- 12/29/2019	1	County Sanitation District No. 5 CS	Prairie Avenue Trunk (District 5)	23,100 (Dominguez Channel)	0	22,100	Debris – General	\$10,000	\$221,000	\$231,000
9. 866253	4/18/2020- 4/18/2020	1	County Sanitation District No. 5 CS	Narbonne Avenue Trunk, Section 1 (West) (District 5)	2,000 (Machado Lake)	0	1,000	Root Intrusion from upstream sewer system	\$10,000	\$10,000	\$20,000
10. 869694	10/9/2020- 10/9/2020	1	County Sanitation District No. 5 CS	1919 Artesia Blvd., Gardena, CA 90274	150 (Dominguez Channel)	0	0	Discharge hose from Jetter was not placed properly into MH 05 2016 for tank draining.	\$10,000	\$0	\$10,000

SSO # AND EVENT ID	SPILL START AND END DATES	TOTAL DAYS	COLLECTION SYSTEM	SPILL LOCATION	GALLONS DISCHARGED TO SURFACE WATER AND WATER BODY	GALLONS RECOVERED FROM SURFACE WATER	GALLONS DISCHARGED TO SURFACE WATER, LESS 1,000 GALLONS	CAUSE OF SPILL	LIABILITY AT \$10,000/DAY	LIABILITY AT \$10/GALLON	COMBINED MAXIMUM LIABILITY
11. 874673	6/9/2021- 6/9/2021	1	County Sanitation District No. 5 CS	Narbonne Avenue Trunk, Section 1 (East) (District 5)	4,725 (Machado Lake)	0	3,725	Root Intrusion from upstream sewer system	\$10,000	\$37,250	\$47,250
12. 877650	11/17/2021- 11/17/2021	1	County Sanitation District Joint Outfall CS	Joint Outfall B Unit 6J Trunk Sewer	40,306 (Arroyo Seco Channel)	17,100	22,206	Residential plumber made an unpermitted lateral connection to the LACSD sewer system.	\$10,000	\$222,060	\$232,060
13. 883181	9/6/2022- 9/6/2022	1	County Sanitation District Joint Outfall CS	Via Pinale, 140' east of Via Ramon, Palos Verdes Estates	8,354 (Malaga Creek)	0	7,354	Blockage caused by cut roots, likely from a private sewer	\$10,000	\$73,540	\$83,540
Totals:					108,414 gallons	23,935 gallons	75,046 gallons		\$130,000	\$750,460	\$880,460

Step 1. Actual or Potential for Harm for Discharge Violations

The first step for discharge violations is to determine the actual or potential harm to water quality by using a three-factor scoring system. Because actual harm is not always quantifiable, potential harm may be used for this factor.

Factor 1: Degree of Toxicity of the Discharge: 3

The degree of toxicity considers the physical, chemical, biological, and/or thermal characteristics of the discharge, and the risk of damage the discharge could cause to the receptors or beneficial uses. A score between 0 and 4 is assigned. As described for Violation 1, the discharge of untreated wastewater poses an above-moderate risk to human or aquatic receptors and therefore warrants a factor of 3 (above moderate).

Factor 2: Actual Harm or Potential Harm to Beneficial Uses: 2

This factor considers the actual harm or potential harm to beneficial uses that may result from exposure to the pollutants or contaminants in the discharge. A score between 0 and 5 is assigned.

Discharges of untreated wastewater to surface water must typically be treated to a high standard to prevent adverse impacts to aquatic life. For this violation, there were 13 discharges of raw untreated wastewater, all of which may have contained pathogens, nitrogen, ammonia, metals, and biological oxygen demand. The SSOs entered the Rio Hondo, Dominguez Channel, Alhambra Wash, San Jose Creek, Machado Lake, Arroyo Seco Channel, Malaga Creek, and the Los Angeles River. The Basin Plan designates existing and potential beneficial uses for these water bodies which includes municipal and domestic supply; warm freshwater habitat; estuarine habitat; wildlife habitat; rare, threatened, or endangered species; migration of aquatic organisms; and spawning, reproduction, and/or early development.

Most of the spills were less than 10,000 gallons. The spills were at various times of the year; in the winter the water bodies could have high flows, resulting in the potential for dilution, while in the summer or fall the water bodies could have low flows with less dilution available and therefore a higher potential impact. A “below moderate” potential for harm is defined as “observed or reasonably expected potential impacts, but based on the characteristics of the discharge and applicable beneficial uses, harm or potential harm to beneficial uses is measurable in the short term, but not appreciable.” Given the size of the SSOs, the impacts to beneficial uses were likely to attenuate without appreciable short term acute or chronic effects. Therefore, a score of 2, below moderate, is assigned for this factor.

Factor 3: Susceptibility to Cleanup or Abatement: 1

A score of 0 is assigned if the discharger cleans up 50% or more of the discharge within a reasonable time, while a score of 1 is assigned if less than 50% of the discharge is susceptible to clean up, or if 50% of the discharge is susceptible to cleanup or abatement, but the discharger failed to clean up 50% or more of the discharge within a reasonable time. As shown in Table 2, of the 108,414 gallons discharged to surface water, only 23,935 gallons were recovered. Because less than 50% of the discharge was cleaned up, a factor of 1 is assigned.

Final "Potential for Harm" Score": 6

The scores for the three above factors are added, resulting in a Potential for Harm score of 6. This score is then used in Step 2.

Step 2. Assessment for Discharge Violations

This step addresses administrative civil liabilities for the spill based on both a per-gallon and a per-day basis.

1. Per Gallon Assessment

When there is a discharge, the Los Angeles Water Board is to determine an initial liability amount on a per-gallon basis using the Potential for Harm score and the Extent of Deviation from Requirement.

a. Deviation from Requirement: Major.

The Deviation from Requirement is major, for the same reasons as described in Violation 1.

b. Per Gallon Factor: 0.28

Using a Potential for Harm score of 6 and a major Deviation from Requirement, Table 2 of the Enforcement Policy prescribes a factor of 0.28 as the Per Gallon Factor for the discharge.

c. Gallons Subject to Administrative Civil Liability: 75,046 gallons

As shown in Table 2, 108,414 gallons were discharged to surface water during the 13 SSO events. Of this, 23,935 gallons were recovered.

CWC section 13385, subdivision (c)(2) states that the maximum per-gallon civil liability is \$10/gallon multiplied by the number of gallons discharged but not cleaned up over

1,000 gallons. Table 2 provides the calculations to show the gallons subject to administrative civil liability for each spill. For example, Spill #1 discharged 8,551 gallons to the Rio Hondo. None of this spill was recovered, and therefore 7,551 gallons are subject to administrative civil liability. Spill #5 discharged 6,000 gallons to the Alhambra Wash; however, because all 6,000 gallons were recovered, there is not a per-gallon penalty for this spill. Similarly, Spill #6 discharged 283 gallons to the Los Angeles River. Although none of this spill was recovered, because less than 1,000 gallons were discharged, there is not a per-gallon penalty for Spill #6. As shown in the "Total" row of Table 2, the 13 spills resulted in 75,046 gallons that are subject to administrative civil liability.

<p>Per Gallon Assessment: 0.28 per gallon factor x 75,046 gallons x \$10 per gallon = \$210,129</p>

2. Per Day Assessment

When there is a discharge, the Los Angeles Water Board is to determine an initial liability amount on a per-day basis using the Potential for Harm score and the Extent of Deviation from Requirement.

- a. Deviation from Requirement: Major
- b. Per Day Factor: 0.28

Using a Potential for Harm score of 6 and a major Deviation from Requirement, Table 2 of the Enforcement Policy prescribes a factor of 0.28 as the Per Day Factor for the discharge. This factor is then multiplied by the days of discharge and the maximum per day liability of \$10,000/day.

- c. Days of Violation: 13

As shown in Table 2, the spills occurred over 13 days.

<p>Per Day Assessment: 0.28 per day factor x 13 days x \$10,000 per day = \$36,400</p>
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3. Initial Liability Amount

The Per Gallon Assessment and the Per Day Assessment are added together to become the Initial Liability Amount for Violation 2.

Initial Liability Amount for Violation 2: $\$210,129 + \$36,400 = \$246,529$

Step 3. Per Day Assessment for Non-Discharge Violations

The alleged violations are discharge violations. Therefore, this step is not applicable.

Step 4. Adjustment Factors

The Enforcement Policy states that three additional factors must be considered for potential modification of the liability amount: (a) the Discharger's degree of culpability, (b) the Discharger's prior history of violations, and (c) the Discharger's voluntary efforts to cleanup, or its cooperation with regulatory authorities after the violation.

Culpability: 1.1

The Enforcement Policy states that higher liabilities should result from intentional or negligent violations as opposed to accidental violations. A multiplier between 0.75 and 1.5 is to be used, with a higher multiplier for intentional misconduct or gross negligence.

According to the Discharger's CIWQS spill reports, about 40% of the untreated wastewater discharged for Violation 2 was due to root intrusion or vandalism. However, the remaining 60% of the volume discharged was due to lack of hydraulic capacity, failure of a repair, a contractor puncturing a line, improper placement of a jetter hose, cut roots, and an unpermitted connection. The Discharger could have taken actions to prevent or minimize 60% of the volume of untreated wastewater that was discharged. Hence, these spills should not be considered accidental violations.

As described in the May 4, 2022 *Audit of Sanitary Sewer Overflow (SSO) in the City of Carson*, for the five-year period of 2017 to 2021, the Discharger had a spill rate of 0.56 spills per 100 miles of sewer. When compared to local sanitation districts of similar size, the Discharger has a lower spill rate than the City of Los Angeles (LASAN; 1.54 spills/100 miles) but a higher spill rate than Orange County Sanitation District (0.36 spills/100 miles). Based on these facts, it is appropriate to assign a culpability score of 1.1.

History of Violations: 1.0

When there is a history of repeat violations, the Enforcement Policy requires a minimum multiplier of 1.1, with higher values as appropriate. The Discharger does not have a history of adjudicated violations; therefore, a multiplier of 1.0 is appropriate.

Cleanup and Cooperation: 1.0

This factor reflects the extent to which a discharger voluntarily cooperates in returning to compliance and correcting environmental damage. A multiplier between 0.75 and 1.5 is used, with a higher multiplier when there is a lack of cleanup or cooperation. In this case, the Discharger responded to each spill in a manner that is reasonable and prudent, and as expected for a sewer district of its size. The Discharger appropriately followed its Sanitary Sewer Overflow Response Plan, a component of the 2019 Sewer System Management Plan, as is expected of a discharger enrolled in the SSS WDR. Therefore, a neutral multiplier of 1.0 is assigned.

Step 5. Total Base Liability Amount

The Total Base Liability Amount is determined by multiplying the following: the Initial Liability, the degree of culpability factor, the history of violations factor, and the cleanup and cooperation factor.

<p style="text-align: center;">Total Base Liability Amount: Violation 2 $\\$246,529 \times 1.1 \times 1.0 \times 1.0 = \\$271,182$</p>
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Combined Total Base Liability Amount for All Violations

The Combined Total Base Liability Amount for Violations 1 and 2 is determined by adding the total base liability amount of each violation. The Combined Total Base Liability Amount is \$7,365,471.

Step 6. Ability to Pay and Continue in Business

The CWC and the Enforcement Policy require the Water Boards to consider a discharger's ability to pay and continue in business when imposing administrative civil liabilities. In this matter, the Discharger is an ongoing public entity with the ability to raise revenue to satisfy the proposed liability through the imposition of fees and taxes. In addition, a review of the Los Angeles County Sanitation Districts' 2022 Annual Comprehensive Financial Report shows that the Discharger has a net position of over \$1.9 billion; as of April 30, 2023, the Discharger has \$466 million in total cash and investments. Based on publicly available information, the Discharger has the ability to pay and continue in business.

Step 7. Economic Benefit

The Enforcement Policy states that the economic benefit of noncompliance should be calculated using the United States Environmental Protection Agency's (US EPA) Economic Benefit Model (BEN) liability and financial modeling program. For this case, the total

economic benefit of non-compliance was calculated using BEN Version 2022.0.0. Using standard economic principals such as the time-value of money and tax deductibility of compliance costs, BEN calculates a discharger's economic benefit derived from delaying⁹ or avoiding¹⁰ compliance with environmental statutes.

The avoided and delayed expenses associated with each alleged violation are outlined below.

Violation 1 was caused by a collapsed pipe segment. Following the SSO, the Discharger rehabilitated the collapsed sewer line by slip lining with a fiberglass reinforced plastic pipe. This pipe had the most severe condition rating since 2016 and should have been repaired earlier. Due to the current economic situation and increased prices, this delayed pipe rehabilitation resulted in a negligible economic benefit.

Violation 2, SSO CIWQS Event ID 844340 was the result of debris in the pipe from vandalism and the corrective action was to secure the manhole cover with a locking steel strap. Due to the current economic situation, this delayed action resulted in a negligible economic benefit.

Violation 2, SSO CIWQS Event ID 845320 was the result of debris from a construction project. To prevent future recurrence, the Discharger sent a letter to the City of Inglewood requesting their contractors take precautions to prevent debris from entering the sewer. The delayed action resulted in an economic benefit of \$1.23.

Violation 2, SSO CIWQS Event ID 855879 was caused by a pressure plate lifting the manhole cover during a rain event. Following the SSO, the pressure plate frame was repaired, but the damage should have been identified and repaired during previous inspection. This delayed repair had a negligible economic benefit. The second action was to change the standard design drawing for the pressure manhole frame; this action should have occurred sooner and could have helped prevent or mitigate the SSO. This delayed action resulted in an economic benefit of \$5.89.

Violation 2, SSO CIWQS Event ID 856060 resulted from a Link-Pipe repair sleeve failure. The Link Pipe was installed in 1999 to cover a crack with root intrusion. The Link Pipe should have been removed much earlier and the pipe rehabilitated with a cured-in-place pipe (CIPP) liner. This delayed pipe rehabilitation resulted in a negligible economic benefit.

⁹ Delayed costs include expenditures that should have been made sooner, such as manhole or pipe repairs that were made too late to avoid the violation.

¹⁰ Avoided costs include expenditures for services that the permittee should have incurred to avoid the incident of noncompliance, such as additional staffing and preventative maintenance.

Violation 2, SSO CIWQS Event ID 856635 was caused by debris in the manhole due to vandalism. To prevent future SSOs, two manholes were secured with tack welds. This delayed action resulted in an economic benefit of \$1.45.

Violation 2, SSO CIWQS Event ID 866253 resulted from roots in the mainline. To prevent future SSOs, the Discharger constructed an upstream diversion. This location had a previous SSO due to roots, so the upstream diversion should have been installed much sooner. This delayed action resulted in an economic benefit of \$131.44.

Violation 2, SSO CIWQS Event ID 869694 was the result of a discharge hose not being properly placed. In response, the Discharger created a preconstruction checklist to prevent a spill of this nature from reoccurring. The need for this checklist should have been identified earlier and this delayed action resulted in an economic benefit of \$248.50.

Violation 2, SSO CIWQS Event ID 874673 was caused by roots in the mainline. As a corrective action, real-time level sensors were installed at two different manholes. Two SSOs due to roots had occurred at this location previously, so the real-time level sensors should have been installed sooner. However, the economic benefit from these delayed actions was negligible.

Violation 2, SSO CIWQS Event ID 883181 was also the result of roots. Following the SSO, a SmartCover was installed. No significant economic benefit was identified for this SSO.

Finally, the fourteen SSOs resulted in a combined total of 8,592,269 gallons discharging to surface water. This wastewater should have remained within the collection system to be transported to the wastewater treatment plant for treatment. Due to the SSOs, the cost of treating the 8,592,269 gallons of wastewater was avoided. This avoided cost resulted in an economic benefit of \$4,206.

For computational purposes and for purposes of settlement, the penalty payment date was established as February 1, 2023. Based on specific assumptions within the model, the total economic benefit of non-compliance was determined to be \$4,594.

Step 8. Other Factors as Justice May Require

The Enforcement Policy allows for the costs of investigation and enforcement to be considered under other factors as justice may require. To date, the Los Angeles Water Board Prosecution Team has incurred \$16,976 in staff costs associated with the investigation, preparation, and enforcement of the violations. This represents approximately 153 hours of staff time devoted to this matter. No attorneys' fees are included in this calculation. The Los Angeles Water Board Prosecution Team finds that it is appropriate to increase the Combined

Total Base Liability Amount by \$16,976 in consideration of investigation and enforcement costs incurred in prosecuting this matter. Increasing the Combined Total Base Liability Amount in this manner serves to create a more appropriate deterrent against future violations.

Step 9. Maximum and Minimum Liability Amounts

Maximum Liability Amount: The maximum liability is found in CWC section 13385 subdivision (c) and is \$10,000 per day of violation plus \$10 per gallon multiplied by the number of gallons discharged but not cleaned up over 1,000 gallons. The statutory maximum for Violation 1 is \$85,087,900 based on two days of violation and a discharge of 8,507,790 gallons. The statutory maximum for Violation 2 is \$880,460 based on 13 days of violation and a discharge of 75,046 gallons discharged to a water of the United States, less 1,000 gallons, and was not recovered. The combined total maximum liability for the two violations is \$85,968,360.

Minimum Liability Amount: CWC section 13385, subdivision (e) requires that, at a minimum, the economic benefit derived from the violations be recovered. The statutory minimum liability amount for Violations 1-2 is equal to the economic benefit of \$4,594. The Enforcement Policy requires the Water Boards to recover 10% greater than the economic benefit. The economic benefit derived from the violations addressed in this matter is \$5,053. Therefore, the minimum under the Enforcement Policy is \$5,053.

Step 10. Final Liability Amount

The Final Liability Amount consists of the added amounts for each violation, with any allowed adjustments, provided the amount is within minimum and maximum liability amounts. The Combined Total Base Liability Amount was added to the investigation and enforcement costs accrued by the Los Angeles Water Board Prosecution Team. The Final Liability Amount is **\$7,382,447**, which is within the minimum and maximum liability amounts.¹¹

¹¹ As explained in Section II, paragraph 12 of the Stipulated Order, the administrative civil liability was reduced to \$6,000,000 under Enforcement Policy, section VI.B. (Settlement Considerations) in consideration of hearing and/or litigation risk.

**CALAS PARK STORMWATER AND WATER QUALITY IMPROVEMENTS
SUPPLEMENTAL ENVIRONMENTAL PROJECT WORKPLAN**

PROPOSAL/ WORK PLAN REQUIREMENTS:

Project Title:

Calas Park Stormwater and Water Quality Improvements Supplemental Environmental Project (Calas Park SEP)

Organization proposing the project (including project manager's name, email address, and phone number; type of organization (public, private, non-profit, etc.):

Los Angeles County Sanitation Districts (public)
Project Manager: Lysa Gaboudian, Supervising Engineer
lgaboudian@lacsds.org
(562) 908-4288 extension 2811

Third party completing the project including all contact information (If applicable), including Project Manager Name & Contact Information:

City of Carson (public)
Project Manager: Roland Jen, PE, Stormwater Engineer
Rjen@carsonca.gov
(310) 952-1700 extension 3523

Names and statement of qualifications and experience for Project Manager:

Roland Jen, PE

Roland is a Licensed Civil Engineer (CA) with 9 years of experience in both public and private stormwater infrastructure projects, water quality analysis, and infrastructure maintenance. He received his B.S. in Civil Engineering with an emphasis on Environmental Hydrology from the University of California, Irvine in 2014. He also holds a B.S. in Biology from the University of California, San Diego. At the City of Carson, Roland works as the Stormwater Engineer managing and developing green infrastructure projects and managing MS4 permit compliance.

Throughout his career, Roland has worked on a variety of projects related to stormwater, encompassing roles such as conceptual design, planning, grant funding, construction, post-construction review, maintenance, and water quality testing in both urban and natural infrastructure. His experience in both private and public enterprises provide a solid foundation to guide the effective development and management of stormwater projects.

Roland's experience with multi-benefit stormwater infrastructure is extensive. He has worked on several public stormwater projects, notably: South Los Angeles Wetlands Park, Mar Vista Recreation Park BMP, Echo Park Lake Rehabilitation, and the City of Carson's Carriage Crest Park

Stormwater facility. He also has experience in designing and reviewing stormwater treatment and capture devices for private developments. With these projects, he has focused on providing maximum benefit to the general public in the form of improved recreation, climate resilience, and clean water.

Location of the project (city, county, address, watershed):

The Calas Park SEP will be located in Calas Park, which is on E 220th St between Bonita St and S Edgar St in the City of Carson in Los Angeles County. This SEP is located in the Dominguez Channel watershed.

Project Description (include overall description and identify specific project elements):

This voluntary project is expected to capture, pretreat and infiltrate 2.8 acre-ft of stormwater produced in the drainage area (based on the 85th percentile, 24-hour storm). See **Attachment A** for drainage map. The proposed project will capture runoff in an underground vault where the water will infiltrate. The project features will involve underground storage vaults, bioswales, rain gardens, infiltration galleries, and other elements that will capture, pretreat, and infiltrate stormwater onsite. Based on the size of an 85th percentile storm, which occurs on average five times per year, a preliminary estimate of the volume that will be captured and conserved is 2.8 acre-ft per event and 13.8 acre-ft on an annual basis.

Stormwater runoff will be diverted from a storm drain in E 220th Street at South Edgar Street (northeast of the park) and from storm drain inlets in Bonita Street at 223rd Street (southwest of the park). The captured stormwater runoff will flow through a pre-treatment unit (hydrodynamic separator) via a proposed conveyance system before entering an underground storage vault, which will facilitate infiltration into the underlying groundwater. Initial review of available information for groundwater depth, soil type, and groundwater contamination reveals infiltration is possible, and a detailed geotechnical investigation will be conducted as part of the project to determine infiltration rates across the site. In addition, the project proposes a passive irrigation system that will be filled with stormwater for irrigation use of the Calas Park field(s), thereby offsetting the current reliance on potable water for irrigation.

Specific Project Elements:

- Collection and Conveyance System
 - Stormwater will be diverted from the existing local storm drain system and directed to the park. Diversions will be constructed along storm drains to capture water quality flows and they will be conveyed to the park in new storm drainpipes.
- Pre-Treatment Unit (Hydrodynamic Separator)
 - Diverted stormwater will flow through a pre-treatment unit, likely a hydrodynamic separator, prior to entering the underground storage vault. The purpose of this pretreatment is to remove debris and sediment to limit maintenance in the vault.

- Underground Storage Vault for Water Quality Treatment (infiltration)
 - Stormwater will be collected in an underground storage vault where it will be held while it infiltrates into the soil. The vaults will be sized to capture runoff from the 85th percentile storm.
- Harvest and Use (passive turf irrigation)
 - A passive irrigation system consisting of shallow storage below the turf will be provided to irrigate the field using captured stormwater. This approach allows for use of stormwater for irrigation, which displaces the use of potable water.
- Multi-lingual interpretative signage / displays
 - This project will be located underground once complete. Signage and displays will be incorporated into the park to help residents learn about the system and what they can do to improve the quality of urban runoff in their area. Signage associated with the SEP shall state in a prominent manner that the project is being undertaken as part of settlement of a Regional Water Board enforcement action.

Some project elements will require long-term maintenance, which the City will perform after completion of the SEP on a regular schedule. These activities are described here for informational purposes and are not considered part of the SEP's Scope of Work.

- Collection and Conveyance System
 - The collection and conveyance systems will require maintenance similar to what the City currently provides for catch basins and storm drains. Maintenance will focus on debris and sediment removal to ensure design capacity and function remain intact.
- Pre-Treatment Unit (Hydrodynamic Separator)
 - The pre-treatment unit will require clean out by vacuum truck prior to each wet season. Additional maintenance may be required depending on the amount of runoff generated each year. The unit is accessible via manhole at the ground surface.
- Underground Storage Vault for Water Quality Treatment (infiltration)
 - The underground storage vault will have a settling forebay to concentrate any debris or sediment that is not addressed by the pre-treatment unit. The settling forebay will be accessible via manhole and will require annual clean out.
- Harvest and Use (passive turf irrigation)
 - This passive turf irrigation system will not require ongoing maintenance. Prior to entering the passive turf irrigation system, the water will have already passed through the pre-treatment unit and the settling forebay in the underground vault.

Describe how the proposed SEP fits into one or more of the following categories (address any that are applicable:

- Pollution Prevention
- Pollution Reduction

The Calas Park SEP will capture and pretreat stormwater runoff, improve onsite water retention

and enhancement of groundwater supplies for beneficial use, and substantially reduce remaining stormwater runoff and associated pollutants conveyed to surface waters. This, in turn, will improve public health, and will operate to reduce and/or prevent pollution.

This project will reduce the mobilization of stormwater-associated pollutants (such as zinc and bacteria) from the drainage area, will provide a mechanism by which the stormwater can be made available for beneficial use in the underlying groundwater, and will reduce the surface water risk posed by these constituents to the surrounding communities. In addition, the construction of this project, and the desired stormwater education signage to be included, will promote public awareness and education regarding urban runoff and the need to prevent pollution and protect water quality. Signage associated with the SEP shall state in a prominent manner that the project is being undertaken as part of settlement of a Regional Water Board enforcement action.

Expected Benefits or improvements to water quality or beneficial uses:

The project is expected to capture and pretreat up to 2.8 acre-feet of stormwater produced by the drainage area during the water quality rain event and infiltrate that water locally, enhancing the groundwater basin supply that, in turn, can support designated beneficial uses, like municipal and domestic supply (MUN). Pollutant loads will be reduced in surface waters, human health will be further protected, and groundwater supplies will be enhanced for beneficial use.

Nexus between the violations and the project:

The Calas Park SEP is located in the same watershed (Dominguez Channel) and a short distance (approximately 2 miles) from the location of the violations; therefore, the primary benefits of the SEP will be within the immediate geographic area where the violations occurred. The Calas Park SEP will reduce the potential for several types of pollutants, including bacteria and metals, to reach the Dominguez Channel. The Calas Park SEP is both geographically related to the violations (*i.e.*, existing in the same watershed) and designed to reduce the overall risk to the public and the environment through reduction of pollutants.

Is the project located within, or does it benefit, an EJ community, a DAC, or a community that has financial hardship? If yes, describe.

Yes. This project is within areas that have a Disadvantaged Community (DAC) score of CalEnviroScreen 4.0 Top 25%. The particular tract in which Calas Park is located scored in the 92nd percentile (see Attachment B). The Calas Park SEP will provide capture and pretreatment of stormwater runoff and facilitate infiltration to groundwater which will beneficially improve the overall health of the watershed and provide a clean source for drinking water in the community. While the project will be largely underground, the SEP's public outreach and education on the importance of clean water projects and the City's efforts to improve water quality through multilingual interpretive displays, exhibits, and interactive features, will promote watershed health and encourage visitors to engage in water conservation, promote stewardship, and educate the public about local water management strategies.

Will this project further the State Water Board's core value of human right to water? If yes,

describe.

The State of California statutorily recognizes that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes. Because the Calas Park SEP specifically intends to facilitate infiltration of stormwater to groundwater, the SEP indirectly supports the State Water Board's core value of a human right to water. However, because the water supply benefits of the project will not be tracked, this factor is not directly applicable.

Project readiness, including status of CEQA, permits, and landowner agreements:

As the CEQA lead agency for the project, it is anticipated that the City will be required to conduct environmental review of the proposed project, including preparation of a CEQA document with supporting technical studies, as well as acquisition of regulatory permits. CEQA and any applicable regulatory permits will be initiated once a conceptual design plan is available during the project period of performance (i.e., advanced design is not typically necessary to initiate CEQA). After review of the project concept plan and the associated footprint of construction activities, the appropriate level of CEQA compliance and the applicable regulatory permits will be determined. Based on the current planning for the project, we anticipate an Initial Study/Mitigated Negative Declaration (IS/MND) will be the appropriate level of CEQA documentation to support the project. Due to the proposed excavation activities and proximity to sensitive receptors (i.e., residential uses), technical studies analyzing the construction-related impacts will be prepared, which are anticipated to include an Air Quality Report, Cultural Resources Report, Greenhouse Gas Emissions, and Noise and Vibration. If any biological or jurisdictional resources have the potential to be impacted during implementation of the proposed project, the appropriate regulatory permits would be initiated and prepared, typically commencing prior to the release of the Draft IS/MND document and requiring 6-12 months, dependent on agency reviews. Preparation and approval of an IS/MND document and regulatory permits is anticipated to take up to 16 months.

Once the project is approved by the City Council, the approved IS/MND would be provided to the Regional Water Quality Control Board, Los Angeles Region (Regional Water Board) prior to commencement of construction of the project. Any applicable regulatory permitting will be completed as the design progresses to ensure compliance with CEQA and all regulatory requirements. Because the project will be located at a City-owned park, no landowner agreements will be necessary.

Brief work plan containing tasks, deliverables, milestones, and schedules:

The work for the Calas Park SEP will include planning and design, environmental documentation and permitting, bidding, constructing, and commissioning a stormwater capture facility. As shown in the schedule below, project implementation will occur over a 48-month period beginning with the effective date of the final stipulated order. The Project features and amenities are described below, with specific project elements and milestones detailed in the project budget in the section below, including CEQA, project design, permitting, bidding, award, and construction.

The 48-month project timeframe is necessary to complete design, environmental review,

permitting, construction, and commissioning of an infrastructure project of this scope. Moreover, the extended timeframe is justified given the exceptional localized environmental benefits expected from the project. Stormwater runoff can mobilize pollutants (such as bacteria and metals) to nearby receiving waterbodies (Dominguez Channel) and ultimately, the Pacific Ocean, thereby precluding attainment of recreational and other beneficial uses. The capture, pretreatment and infiltration of stormwater via the SEP will provide significant water quality benefits to the local watershed, and the DAC in which the watershed is located. The ability to address urban runoff from the 63-acre drainage area with one project is a rare and important opportunity. Completion of the project will provide significant benefits to the City and surrounding community and will facilitate more expedient progress to address water quality challenges in this area than would otherwise be possible.

The 48-month proposed project timeframe is also necessary to minimize disruption to the local community, which relies heavily on the area for access to green space and places to remain active. Construction will be staged and scheduled to minimize impacts on sports and other activities that occur in the park. The park primarily serves an Environmental Justice community burdened by the impacts of a highly industrialized area (*e.g.*, multiple oil refineries and a major freeway within approximately one mile of the park). The community is characterized by high CalEnviroScreen 4.0 scores, specifically a score of 93 for “Impaired Waters” and 96 for “Pollution Burden.” Thus, the investment this project will make in the community will provide “exceptional environmental benefits” that warrant approval of a 48-month project timeline.

Upon award of the funds, the City will undertake a Preliminary Engineering Study to progress the project concept to a 10% plan. The 10% design phase will include the geotechnical investigation necessary to confirm infiltration feasibility. With the concept proved feasible, the City will move to produce a Plans, Specifications, and Estimates package. Key deliverables will include project design and 30%, 90%, and 100% plans. Deliverables include quarterly progress reports (12 total), Preliminary Engineering Study, Design Plans (3 total, 1 for each deliverable), and a final completion report. The final completion report will conform to SEP Reporting and Certificate of Completion guidelines.

Discussion of the environmental documentation and permitting is included in the section above.

The project will schedule and stage construction to avoid impacts to frequently used park features such as playground equipment, event pavilions, and parking access. The soccer and baseball/softball fields will be impacted during construction. The work, however, will be scheduled around sports seasons to limit disturbance to community activities as much as possible.

Project Tasks and Schedule

Task 1: Planning and Design – this task includes preparation of a bid package for design of the project, and City Council actions to authorize bidding and award of the planning and design contract. A Preliminary Engineering Study will be produced to bring the project concept to a 10% plan. The 10% design phase will include a geotechnical investigation necessary to confirm infiltration feasibility. The City will then move to produce a Plans, Specifications, and Estimates package. Key deliverables will include project design and 30%, 90%, and 100% plans. The milestone will be met when construction drawings are at the 90% level. (100% plans will be produced at the conclusion of the Task 2 milestone after permits are issued and plans are modified, to the extent necessary based on permit requirements.)

- **Milestone deadline: 20 months from the effective date of the Stipulated Order.**

Task 2: Environmental Documentation and Permit Acquisition – As the CEQA lead agency for the project, the City will be required to conduct environmental review of the proposed project, including preparation of a CEQA document with supporting technical studies, as well as acquisition of regulatory permits. CEQA and any applicable regulatory permits will be initiated once a conceptual design plan is available, and to some extent will be conducted in parallel with Project Design. Preparation and approval of CEQA documents and acquisition regulatory permits is anticipated to take up to 16 months and be completed by the end of month 26. Deliverables for this milestone include certified CEQA documentation, acquisition of all required permits, and 100% construction drawings.

- **Milestone deadline: 26 months from the effective date of the Stipulated Order.**

Task 3: Bidding and Award of Contract: Based on the completion of Task 2, a bid package will be prepared and released, bids will be reviewed, and the construction contract awarded. This process is anticipated to take up to 6 months. This milestone will be complete when the construction contract is awarded.

- **Milestone deadline: 32 months from the effective date of the Stipulated Order.**

Task 4: Construction and Commissioning: This task includes issuance of a Notice to Proceed, mobilization of the contractor, construction and commissioning of the facilities. This task is anticipated to require 16 months, and the milestone will be achieved when commissioning is completed.

- **Milestone deadline: 48 months from the effective date of the Stipulated Order.**

Schedule for periodic monitoring (quarterly at a minimum) on the performance of the SEP to monitor the timely and successful completion of the SEP

The Sanitation Districts will provide quarterly progress reports to the Regional Board and a final report to the Regional Board and Office of Enforcement, on activities undertaken with the project. At a minimum, the reports will include a list of all activities on the SEP for each reporting period, an accounting of funds expended, and the proposed work for the following quarter. The reports will also describe whether the SEP is compliant with milestones/deadlines, and if not, the

cause of delay and anticipated date of compliance. Reports will be submitted no later than the first day of the second month following the end of each reporting period in accordance with the schedule shown below. The Sanitation Districts will submit progress reports on the SEP until the proposed project is completed and the SEP contribution is fully expended or otherwise approved by the Regional Board Executive Officer.

Quarterly Report Schedule:

<u>Reporting Period</u>	<u>Report Submittal Date</u>
January - March	May 1
April - June	August 1
July - September	November 1
October - December	February 1

Total project cost and amount of SEP money requested. If there are other funding sources, indicate if the funds have been committed and whether there are any restrictions on the fund.

The Calas Park SEP is anticipated to cost approximately \$5,980,000. No other sources of funding are anticipated. The budget is shown below:

Project Element	Amount
Planning and Design	\$565,000
Environmental Documentation and Permit Acquisition	\$185,000
Bidding/Award of Contract	\$20,000
Construction and Commissioning	\$5,210,000
• Collection and Conveyance System	\$1,457,000
• Pre-Treatment Unit	\$228,000
• Underground Storage Vault	\$2,585,000
• Harvest and Use System	\$925,000
• Signage and Displays	\$15,000
Project Total	\$5,980,000

Time schedule for implementation with single or multiple milestones which identifies the amount of liability that will be suspended or excused upon the timely and successful completion of each milestone.

The timeline for completion and budget are shown below.

Task	SEP Milestone	Deadline*	Amount
1	Planning and Design	20 months	\$565,000
2	Environmental Documentation and Permit Acquisition	26 months	\$185,000
3	Bidding/Award of Contract	32 months	\$20,000
4	Construction and Commissioning	48 months	\$5,210,000
*Timeline begins on the effective date of the final Stipulated Order.		Total	\$5,980,000

Third Party Financial Audits:

At the sole cost to the Sanitation Districts (*i.e.*, no SEP money shall be utilized for this report), the Sanitation Districts will submit a financial audit report prepared by an independent third party, which states, in their professional opinion, that the Sanitation Districts have expended the money in the amounts claimed. The Sanitation Districts shall provide the financial audit report to the Regional Board within three (3) months of the completion of the Calas Park SEP.

Publicity:

If the Sanitation Districts or the City of Carson publicize the Calas Park SEP, it will state in a prominent manner that the SEP is being undertaken as part of a Settlement Agreement with the Regional Water Board.

Discharger Responsibility Statement:

The Sanitation Districts are ultimately responsible for ensuring that the SEP monies are expended for the project described and remain liable for the SEP amount under the Settlement Agreement and Stipulated ACL until the SEP is completed and accepted by the Los Angeles Regional Board. After successful completion of the SEP and notification of acceptance by the Regional Board, any SEP funds that remain will be transferred to the State Water Pollution Cleanup and Abatement Account.

Optional Information:

1. Whether the project is resilient to climate change and conforms with State Water Board Resolution No. 2017-0012, Comprehensive Response to Climate Change

The Calas Park SEP is a stormwater capture project, which conforms with State Water Board Resolution No. 2017-0012, Comprehensive Response to Climate Change, to develop new and

underutilized water resources, expand surface water and groundwater storage where appropriate, and add operational flexibility to build and enhance resilience to impacts of climate change.

2. Whether the applicant has the institutional stability and capacity to complete the project as proposed

The City of Carson has primary responsibility for the Calas Park SEP. The City plans, coordinates, implements, and maintains the parks for public benefit within the City's jurisdiction. The City continues to work to expand the facilities and scope of the resources it offers. The City has the institutional stability, capacity, and experience on similar projects to be able to complete the project as proposed. The City's Public Works Department, which will manage the SEP, will collaborate with the City's Parks and Recreation Division, which operates the park. Maintenance is performed by Public Works.

3. Whether this project has monitoring, success criteria, or other tools to track long-term success

Performance indicators will include annual visitation to Calas Park and public outreach and education about the SEP's role in protecting surface water quality and conserving water. Visitors will be encouraged to provide feedback via social media (Facebook, Twitter and Instagram) to gauge community interest and effectiveness of the interpretive materials provided. The City will adapt and make improvements to the outreach materials and performance of the SEP based on this feedback. Additionally, the Public Works Department will perform operations and maintenance of the project going forward as part of its operational responsibilities, which will include monitoring to assess the effectiveness of the stormwater infiltration and passive irrigation systems.

ATTACHMENT A



ATTACHMENT B

Legend

BMP Opportunities

★ Calas Park

DAC category

- CalEnviroScreen 3.0 Disadvantaged Communities Only
- CalEnviroScreen 4.0 High Pollution Burden Score, Low Population Count
- CalEnviroScreen 4.0 Top 25%
- City Boundary

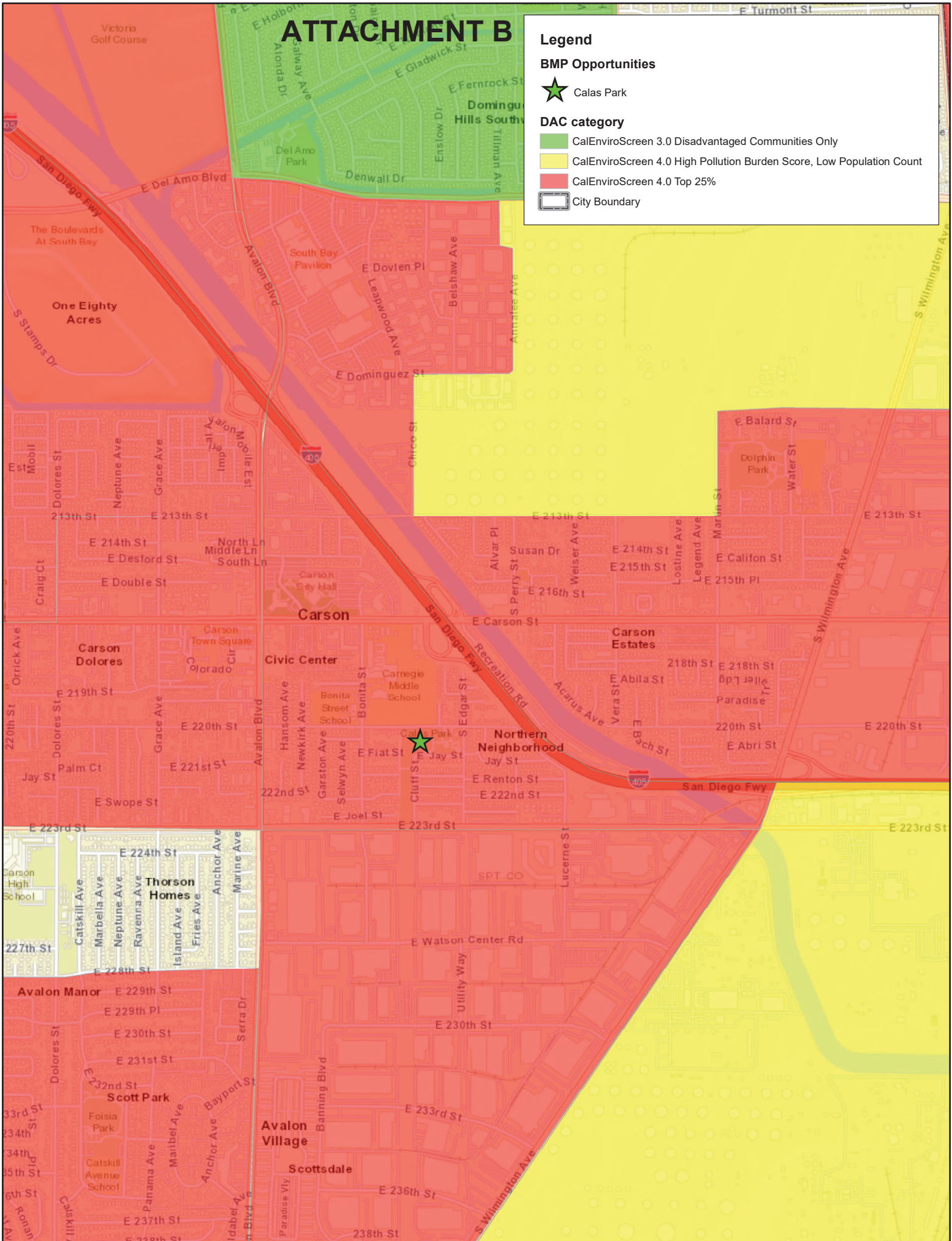


Exhibit B

Escrow Agent Compensation Schedule



Schedule of Fees for Services as

Escrow Agent

For

Los Angeles County Sanitation District Calas Park Stormwater and Water Quality Improvements Supplemental Environme

Project Escrow Agreement

CTS01010 A	Acceptance Fee - The acceptance fee includes the administrative review of documents, initial set-up of the account, and other reasonably required services up to and including the closing. This is a one-time, non-refundable fee, payable at closing. Does not include legal fees.	Amount \$1,000.00
CTS16156 A	Legal Expenses - Includes fees and expenses of legal counsel (except for the fees associated with rendering a standard legal opinion).	Amount \$2,500.00
CTS04470	Escrow Agent Depository - Annual fee for the standard escrow agent depository services associated with the administration of the account. Administration fees are payable in advance.	Amount \$2,250.00
CTS10880	Disbursement / Draw - Charge per disbursement. Includes the wire or check fee.	Amount \$25.00

Direct Out of Pocket Expenses. Reimbursement of expenses associated with the performance of our duties, including but not limited to publications, legal counsel's fees and expenses after the initial closing, travel expenses, and filing fees will be billed at cost.

Extraordinary Administration Services. Extraordinary Administration Services ("EAS") are duties, responsibilities or activities not expected to be provided by the trustee or agent at the outset of the transaction, not routine or customary, and/or not incurred in the ordinary course of business, and may require analysis or interpretation. Billing for fees and expenses related to EAS is appropriate in instances where particular inquiries, events or developments are unexpected, even if the possibility of such circumstances could have been identified at the inception of the transaction, or as changes in law, procedures, or the cost of doing business demand. At our option, EAS may be charged on an hourly (time expended multiplied by current hourly rate), flat or special fee basis at such rates or in such amounts in effect at the time of such services, which may be modified by us in our sole and reasonable discretion from time to time. In addition, all fees and expenses incurred by the trustee or agent, in connection with the trustee's or agent's EAS and ordinary administration services and including without limitation the fees and expenses of legal counsel, financial advisors and other professionals, charges for wire transfers, checks, internal transfers and securities transactions, travel expenses, communication costs, postage (including express mail and overnight delivery charges), copying charges and the like will be payable, at cost, to the trustee or agent. EAS fees are due and payable in addition to annual or ordinary administration fees. Failure to pay for EAS owed to U.S. Bank when due may result in interest being charged on amounts owed to U.S. Bank for extraordinary administration services fees and expenses at the prevailing market rate.

General. Your obligation to pay under this Fee Schedule shall govern the matters described herein and shall not be superseded or modified by the terms of the governing documents, and survive any termination of the transaction or governing documents and the resignation or removal of the trustee or agent. This Fee Schedule shall be construed and interpreted in accordance with the laws of the state identified in the governing documents without giving effect to the conflict of laws principles thereof. You agree to the sole and exclusive jurisdiction of the state and federal courts of the state identified in the governing documents over any proceeding relating to or arising regarding the matters described herein. Payment of fees constitutes acceptance of the terms and conditions described herein.

Account approval is subject to review and qualification. Fees are subject to change at our discretion and upon written notice. Fees paid in advance will not be prorated. The fees set forth above and any subsequent modifications thereof are part of your agreement. Finalization of the transaction constitutes agreement to the above fee schedule, including agreement to any subsequent changes upon proper written notice. In the event your transaction is not finalized, any related out-of-pocket expenses will be billed to you directly. Absent your written instructions to sweep or otherwise invest, all sums in your account will remain uninvested and no accrued interest or other compensation will be credited to the account. Payment of fees constitutes acceptance of the terms and conditions set forth.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT:

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account.

For a non-individual person such as a business entity, a charity, a Trust or other legal entity we will ask for documentation to verify its



formation and existence as a legal entity. We may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.