
North Coast Regional Water Quality Control Board

Administrative Civil Liability Fact Sheet

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

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

Parties

The parties to a complaint proceeding are the Regional Water Board Prosecution Team¹ and the person named in the complaint, referred to as the "Respondent." Any other person who believes they will be sufficiently impacted by the proceeding may request to participate as a "designated party." Only designated parties are allowed to submit evidence and participate fully in the proceeding. Other interested persons may play a more limited role in the proceeding and are allowed to submit non-evidentiary policy statements. If the matter proceeds to hearing, the hearing will be held before a quorum of the Regional Water Board (composed of up to nine board members appointed by the Governor) or before a panel of at least three board members. The board members who will hear the evidence and rule on the matter act as judges. They

¹ Prosecution Team: The Regional Water Board's Prosecution Team is comprised of Regional Water Board Staff and management, who are responsible for prosecution and legal proceedings during the administrative civil liability process.

are assisted by an Advisory Team², which provides advice on technical and legal issues. Both the Prosecution Team and the Advisory Team have their own attorney.

Neither the Prosecution Team nor the Respondent or his/her representatives are permitted to communicate with the board members or the Advisory Team about the complaint without the presence or knowledge of the other. This will be explained in more detail in the hearing procedures.

Complaint Resolution options

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

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

Withdrawal and reissuance: May result if the Prosecution Team becomes aware of an important flaw in the complaint that can be corrected.

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

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

Hearing: If the matter proceeds to hearing, the parties will be allowed time to present evidence and testimony in support of their respective positions. The hearing must be held within 90 days of issuance of the complaint, unless the Respondent waives that requirement by signing and submitting the Waiver Form included in this package. However, execution of the waiver does not preclude the Regional Water Board from proceeding to hearing on this matter within 90 days. The hearing will be conducted

² Advisory Team: The Regional Water Board's Advisory Team provides advice to the Regional Water Board on technical and legal issues for administrative civil liability complaints.

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under rules set forth in the Hearing Procedures. The Prosecution Team has the burden of proving the allegations and must present competent evidence to the board regarding the allegations.

Following the Prosecution Team's presentation, the Respondent and other designated parties are given an opportunity to present evidence, testimony, and argument challenging the allegations. The parties may cross-examine each other's witnesses. Interested persons may provide non-evidentiary policy statements, but generally may not submit evidence or testimony. At the end of the presentations by the parties, the board members will deliberate to decide the outcome. The Regional Water Board may issue an order requiring payment of the full amount recommended in the complaint; it may issue an order requiring payment of a reduced amount; it may order the payment of a higher amount, decide not to impose an assessment or it may refer the matter to the Attorney General's Office.

Factors that must be considered by the Regional Water Board

Except for Mandatory Minimum Penalties under Water Code Section 13385, subdivisions (i) and (h), the Regional Water Board is required to consider several factors specified in the Water Code, including the following:

- 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 Respondent:
 - The ability to pay,
 - The effect on ability to continue in business,
 - Any voluntary cleanup efforts undertaken,
 - Any prior history of violations,
 - The degree of culpability,
 - The economic benefit or savings, if any resulting from the violations, and
 - Other matters as justice may require

(See California Water Code Sections 13327, 13385, subdivision (e), and 13399). The State Water Resources Control Board Enforcement Policy is available for download at https://www.waterboards.ca.gov/plans_policies/#policies).

During the period provided to submit evidence (set forth in the Hearing Procedure) and at the hearing, the Respondent may submit information that it believes supports its position regarding the complaint. If the Respondent intends to present arguments about its ability to pay it must provide reliable documentation to establish that ability or inability. The kinds of information that may be used for this purpose include:

For an individual:

1. Last three years of signed federal income tax returns (IRS Form 1040) including schedules;

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2. Members of household, including relationship, age, employment and income;
3. Current living expenses;
4. Bank account statements;
5. Investment statements;
6. Retirement account statements;
7. Life insurance policies;
8. Vehicle ownership documentation;
9. Real property ownership documentation;
10. Credit card and line of credit statements;
11. Mortgage loan statements; and
12. Other debt documentation.

For a business:

1. Copies of last three years of the entity's IRS tax returns, signed and dated;
2. Copies of last three years of the entity's financial audits;
3. Copies of last three years of IRS tax returns of the entity's principals, signed and dated;
4. Any documentation that explains special circumstances regarding past, current, or future financial conditions; and
5. Documentation describing the value of any significant assets in which the entity has an interest.

For larger businesses:

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

For a municipality, county, or district:

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1. Type of entity:
 - City/Town/Village;
 - County;
 - Municipality with enterprise fund; or
 - Independent or publicly owned utility.
2. The following 2000 and 2010 US Census data:
 - Population;
 - Number of persons age 18 and above;
 - Number of persons age 65 and above;
 - Number of Individual below 125% of poverty level;
 - Median home value; and
 - Median household income.
3. Current or most recent estimates of:
 - Population;
 - Median home value;
 - Median household income;
 - Market value of taxable property; and
 - Property tax collection rate.
4. Unreserved general fund ending balance;
5. Total principal and interest payments for all governmental funds;
6. Total revenues for all governmental funds;
7. Direct net debt;
8. Overall net debt;
9. General obligation debt rating;
10. General obligation debt level; and
11. Next year's budgeted/anticipated general fund expenditures plus net transfers out.

This list is provided for information only. The Respondent remains responsible for providing all relevant and reliable information regarding its financial situation, which may include items in the above lists, but could include other documents not listed. Please note that all evidence regarding this case, including financial information, will be made public.

Petitions

If the Regional Water Board issues an order requiring payment, the Respondent may challenge that order by filing a petition for review with the State Water Board pursuant to Water Code section 13320. More information on the petition process is available at: https://www.waterboards.ca.gov/public_notices/petitions/water_quality/index.shtml. An order of the State Water Board resolving the petition for review of the Regional Water

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Board's administrative civil liability order can be challenged by filing a petition for writ of mandate in the superior court pursuant to Water Code section 13330.

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