STATE WATER RESOURCES CONTROL BOARD

City of Redlands	**ORDER 2016-0018-DWR** **SETTLEMENT AGREEMENT AND STIPULATION FOR ENTRY OF ADMINISTRATIVE CIVIL LIABILITY ORDER**

Section I: INTRODUCTION

This Settlement Agreement and Stipulation for Entry of Administrative Civil Liability Order ("Stipulation and Order" or "Stipulated Order") is entered into by and between the Director of the Office of Enforcement of the State Water Resources Control Board ("State Water Board"), on behalf of the State Water Board Prosecution Staff ("Prosecution Staff") and the City of Redlands ("Settling Respondent") (collectively "Parties") and is presented to the State Water Board, or its delegee, for adoption as an Order by settlement, pursuant to Government Code section 11415.60.

Section II: RECITALS

WHEREAS, the City of Redlands is alleged to have violated section 865(c)(1) of title 23 of the California Code of Regulations, as described in **EXHIBIT A** to this Stipulated Order; and

WHEREAS, the Parties have engaged in settlement negotiations and agree to fully settle the alleged violations without administrative or civil litigation and by presenting this Stipulation to the State Water Board, or its delegee, for adoption as an Order by settlement, pursuant to Government Code section 11415.60. The Prosecution Staff believes that the resolution of the alleged violations is fair and reasonable and fulfills all of its enforcement objectives. No further action is warranted concerning the specific violations alleged in **EXHIBIT A**, except as provided in this Stipulated Order, and that this Stipulated Order is in the best interest of the public.

Section III: STIPULATIONS

The Parties stipulate to the following:

1. **Administrative Civil Liability:** The City of Redlands hereby agrees to the imposition of an administrative civil liability totaling $61,000.

a. The Parties agree that $61,000 of the administrative civil liability shall be suspended ("Suspended Liability") pending completion of the water conservation Supplemental Environmental Project (SEP) as set forth herein and **EXHIBIT B**.

2.1 SEP Description: The City of Redlands agrees to fund the SEP described below. The SEP will benefit water conservation by creating a new citrus grove irrigation retrofit rebate program which targets a prevalent type of residential water use and launching an educational water efficiency campaign which focuses on school-aged children and their parents.

2.2 SEP Definitions:

a. "Designated State Water Board Representative" – the representative from the State Water Board responsible for oversight of the SEP. That individual is: Jasmine Oaxaca, or a person who may subsequently designated by the Director of the Office of Enforcement of the State Water Board.

b. "SEP Completion Date" – The date in which the SEP will be completed in its entirety.

2.3 SEP Completion Date: 6/30/17. Upon a showing of good cause and upon written agreement of the Parties in advance of the SEP Completion Date, the Director of the Office of Enforcement may extend the SEP Completion Date.

2.4 Agreement of Settling Respondent to Fund, Report and Guarantee Implementation of SEP: The City of Redlands represents that: (1) it will fund the SEP in the amounts as described in this Stipulated Order; (2) it will provide certifications and written reports to the Designated State Water Board Representative consistent with the terms of this Stipulated Order detailing the implementation of the SEP; (3) it will guarantee implementation of the SEP identified in **EXHIBIT B** by remaining liable for the Suspended Liability until the SEP is completed and accepted by the State Water Board in accordance with the terms of this Stipulated Order. The City of Redlands agrees that the State Water Board has the right to require an audit of the funds expended by it to implement the SEP.

2.5 SEP Progress Reports: The City of Redlands shall provide monthly reports of progress on the SEP to the Designated State Water Board Representative commencing 30 days after this Stipulated Order becomes effective and continuing through submittal of the final report described below in Paragraph 2.6. If no activity occurred during a particular month, a monthly report so stating shall be submitted.

2.6 Certification of Completion of SEP and Final Reports: Within 30 days of the applicable SEP Completion Date, the Settling Respondent shall submit a certified statement of completion of the SEP ("Certification of Completion"). The Certification of Completion shall be submitted under penalty of perjury, to the Designated State Water Board Representative by a responsible corporate official representing the Settling Respondent. The Certification of Completion shall include the following:

a. Certification that the SEP has been completed in accordance with the terms of this Stipulated Order. Such documentation may include photographs, invoices, receipts, certifications, and other materials reasonably necessary for the State Water Board to evaluate the completion of the SEP and the costs incurred by the Settling Respondent.

b. Certification documenting the expenditures by the Settling Respondent during the completion period for the SEP. In making such certification, Settling Respondent may rely upon tracking systems used in the ordinary course of business that capture employee time, expenditures, and external payments to outside vendors such as environmental and information technology contractors or consultants. The certification need not address any costs incurred by the State Water Board for oversight. The Settling Respondent shall provide any additional information requested by the State Water Board staff which is reasonably necessary to verify SEP expenditures.

c. Certification, under penalty of perjury, that the Settling Respondent followed all applicable environmental laws and regulations in the implementation of the SEP including but not limited to the California Environmental Quality Act (CEQA), the federal Clean Water Act, and the Porter-Cologne Act. To ensure compliance with CEQA where necessary, the Settling Respondent shall provide the State Water Board with the following documents from the lead agency prior to commencing the SEP:

    i. Categorical or statutory exemptions relied upon by the Settling Respondent;

    ii. Negative Declaration if there are no potentially "significant" impacts;

    iii. Mitigated Negative Declaration if there are potentially "significant" impacts but revisions to the project have been made or may be made to avoid or mitigate those potentially significant impacts; or

    iv. Environmental Impact Report (EIR)

3. **Third Party Financial Audit:** In addition to the certification, upon completion of the SEP and at the written request of the State Water Board Executive Director, or the Executive Director's delegee, the Settling Respondent, at its sole cost, shall submit a report prepared by an independent third party(ies) acceptable to the State Water Board Executive Director providing such party's(ies') professional opinion that the Settling Respondent has expended money in the amounts claimed by the Settling Respondent. The audit report shall be provided to the Designated State Water Board Representative within three (3) months of notice from the State Water Board Executive Director to the Settling Respondent of the need for an independent third party financial audit. The audit need not address any costs incurred by the State Water Board for oversight.

4. **State Water Board Acceptance of Completed SEP:** Upon the Settling Respondent's satisfaction of its SEP obligations under this Stipulated Order and completion of the SEP and any audit requested by the State Water Board, the Designated State Water Board Representative shall send the Settling Respondent a letter recognizing satisfactory completion of its obligations under the SEP. This letter shall terminate any further SEP obligations of the Settling Respondent and result in the permanent stay of the Suspended Liability.

5. **Failure to Expend all Suspended Liability Funds on the Approved SEP:** In the event that Settling Respondent is not able to demonstrate to the reasonable satisfaction of the Designated State Water Board Representative that the entire Suspended Liability has been spent to complete the SEP for which the Settling Respondent is financially responsible, Settling Respondent shall pay the difference between the Suspended Liability and the amount the Settling Respondent can demonstrate was actually spent on completion of the SEP. The Settling Respondent shall pay the difference within 30 days of its receipt of notice of the Designated State Water Board Representative's determination that the Settling Respondent has failed to demonstrate that the entire Suspended Liability has been spent to complete the SEP.

6. **Failure to Complete the SEP:** If the SEP is not fully implemented by the SEP Completion Date (as defined in Paragraph 2.3) required by this Stipulation, the Director of the State Water Board Office of Enforcement shall issue a Notice of Violation. The Settling Respondent shall be liable to pay the entire Suspended Liability unless the parties agree that another amount shall be due (which equals a portion thereof less than the value of the completion of any milestone requirements). A "Motion for Payment of Suspended Liability" shall be made before the State Water Board, or its delegee, for the amount of Suspended Liability assessed or if the Parties cannot reach agreement. Unless otherwise agreed or determined by a Motion for Payment of Suspended Liability, the Settling Respondent shall not be entitled to any credit, offset, or reimbursement from the State Water Board for expenditures made on the SEP. Upon a determination by the State Water Board, or its delegee, of the amount of the

Suspended Liability assessed, the amount shall be paid to the State Water Board Division of Administrative Services within thirty (30) days after the service of the State Water Board's determination. In addition, the Settling Respondent shall be liable for the State Water Board's reasonable costs of enforcement, including but not limited to legal costs and expert witness fees. Payment of the assessed amount will satisfy the Settling Respondent's obligations to implement the SEP or remaining SEP milestones.

7. **Publicity:** Should the City of Redlands, or the agents or subcontractors of the City of Redlands publicize one or more elements of the SEP, they shall state in a prominent manner that the project is being funded as part of the settlement of an enforcement action by the State Water Board against the City of Redlands.

8. **Compliance with Applicable Laws:** The City of Redlands understands that payment of 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 continuing violations of the type alleged in **EXHIBIT A** may subject it to further enforcement, including additional administrative civil liability.

9. **Party Contacts for Communications related to Stipulated Order:**

For the State Water Board:	Jasmine Oaxaca, PE Water Resource Control Engineer jasmine.oaxaca@waterboards.ca.gov (916) 322-5327
For the City of Redlands:	Cecilia Griego Water Resources Specialist cgriego@cityofredlands.org (909) 798-7553

10. **Attorney's 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.

11. **Matters Addressed by Stipulation, Release and Covenant Not to Sue the City of Redlands:** Upon adoption by the State Water Board, or its delegee, this Stipulated Order represents a final and binding resolution and settlement of all claims, violations or causes of action alleged herein or which could have been asserted based on the specific facts alleged in Exhibit A as of the effective date of this Stipulated Order ("Covered Matters"). The State Water Board releases and covenants not to sue the City of Redlands from and against all claims, violations or causes of action alleged in this Stipulated Order or which could have been asserted based on the specific facts alleged in **Exhibit A** as of the effective date of this Stipulated Order. The provisions of this Paragraph are expressly

conditioned on the City of Redlands's completion of the SEP, or in the alternative, payment of the Suspended Liability and any audit requested by the State Water Board.

12. **Public Notice:** The City of Redlands understands that this Stipulated Order will be noticed for a 20-day public review and comment period prior to consideration by the State Water Board, or its delegee. If the State Water Board's Executive Director receives significant new information that reasonably affects the propriety of presenting this Stipulated Order to the State Water Board, or its delegee, for adoption, the Executive Director may unilaterally declare this Stipulated Order void and decide not to present it to the State Water Board, or its delegee. The City of Redlands agrees that it may not rescind or otherwise withdraw its approval of this proposed Stipulated Order.

13. **Addressing Objections Raised During Public Comment Period:** The Parties agree that the procedure contemplated for the State Water Board's adoption of the settlement by the Parties and review by the public, as reflected in this Stipulated Order, will be adequate. In the event procedural objections are raised prior to the 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.

14. **No Waiver of Right to Enforce:** The failure of the Prosecution Staff or State 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 the Order. The failure of the Prosecution Staff or State Water Board to enforce any such provision shall not preclude it from later enforcing the same or any other provision of this Stipulated Order.

15. **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 Prosecution Staff or any state agency, department, board or entity or any local agency from exercising its authority under any law, statute, or regulation.

16. **Interpretation:** This Stipulated Order shall be construed as if the Parties prepared it jointly. Any uncertainty or ambiguity shall not be interpreted against any one Party. The City of Redlands is represented by counsel in this matter.

17. **Modification:** This Stipulated Order shall not be modified by any of the Parties by oral representation made before or after its execution. All modifications must be in writing, signed by all Parties, and approved by the State Water Board or its delegee.

18. **If Order Does Not Take Effect:** In the event that this Order does not take effect because it is not approved by the State Water Board, or its delegee, the Parties acknowledge that they expect to proceed to a contested evidentiary

hearing before the State Water Board to determine whether to assess administrative civil liabilities for the underlying alleged violations, unless the Parties agree otherwise. 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 the hearing. The Parties agree to waive any and all objections based on settlement communications in this matter, including, but not limited to:

a. Objections related to prejudice or bias of any of the State Water Board members or their advisors and any other objections that are premised in whole or in part on the fact that the State Water Board members or their advisors were exposed to some of the material facts and the Parties' settlement positions as a consequence of reviewing the Stipulation and/or the Order, and therefore may have formed impressions or conclusions prior to any contested evidentiary hearing on the Complaint in this matter; or,

b. Laches or delay or other equitable defenses based on the time period for administrative or judicial review to the extent this period has been extended by these settlement proceedings.

19. **Waiver of Hearing:** The City of Redlands has been informed of the rights provided by Water Code section 1055 and hereby waives its right to a hearing before the State Water Board prior to the adoption of the Stipulated Order.

20. **Waiver of Right to Petition:** The City of Redlands hereby waives its right to petition the State Water Board's adoption of the Stipulated Order as written for review by the State Water Board, and further waives its rights, if any, to appeal the same to a California Superior Court and/or any California appellate level court.

21. **Respondent's Covenant Not to Sue:** The City of Redlands 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 Covered Matter.

22. **State Water Board is Not Liable:** Neither the State Water Board members nor the State Water Board staff, attorneys, or representatives shall be liable for any injury or damage to persons or property resulting from acts or omissions by the Settling Respondent, their directors, officers, employees, agents, representatives or contractors in carrying out activities pursuant to this Stipulated Order, nor shall the State Water Board, its members or staff be held as parties to or guarantors of any contract entered into by the Settling Respondent, their directors, officers, employees, agents, representatives or contractors in carrying out activities pursuant to this Stipulated Order.

23. Authority to Bind: Each person executing this Stipulation in a representative capacity represents and warrants that he or she is authorized to execute this Stipulation on behalf of and to bind the entity on whose behalf he or she executes the Stipulation.

24. No Third Party Beneficiaries. This Stipulated Order is not intended to confer any rights or obligations 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.

25. Effective Date: This Stipulated Order shall be effective and binding on the Parties upon the date the State Water Board, or its delegee, enters the Order, which incorporates the terms of this Stipulation.

26. Counterpart Signatures: This Stipulation 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.

27. Incorporation of Exhibits: Exhibits "A" and "B" are hereby incorporated by reference.

IT IS SO STIPULATED.

State Water Board Prosecution Staff

By: _____
Christian M. Carrigan
Director, Office of Enforcement

Date: 6/7/16

City of Redlands

By: _____
Mayor or Council Member

Date: 6/27/16

ATTEST:

_____
Sam Irwin, City Clerk

Order of the State Water Board

This Order incorporates the foregoing Stipulation.

1. In accepting the foregoing Stipulation, the State Water Board has considered each of the factors prescribed in California Water Code section 1055.3.

2. This is an action to enforce the laws and regulations administered by the State Water Board. The State 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(a)(2), title 14, of the California Code of Regulations.

Pursuant to Government Code section 11415.60, **IT IS HEREBY ORDERED** on behalf of the State Water Resources Control Board.

Christian M. Carrigan
Director, Office of Enforcement

Date: 7/26/16

Exhibit A

CALIFORNIA
Water Boards

EDMUND G. BROWN JR.
GOVERNOR

MATTHEW RODRIQUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

State Water Resources Control Board

October 29, 2015

(sent via electronic mail and certified mail)
CERTIFIED MAIL
No. 7015 0640 0006 0950 4582

Mr. Chris Diggs
City of Redlands
30 Cajon Street, Suite 15A
Redlands, CA 92373
cdiggs@cityofredlands.org

SUBJECT: ENFORCEMENT ACTION: ISSUANCE OF ADMINISTRATIVE CIVIL LIABILITY COMPLAINT FOR FAILURE TO MEET WATER CONSERVATION STANDARD

Dear Mr. Diggs

On May 5, 2015, the State Water Resources Control Board (State Water Board) adopted Resolution 2015-0032, an Emergency Regulation for Statewide Urban Water Conservation (Emergency Regulation) pursuant to Water Code section 1058.5. The Emergency Regulation became effective on May 18, 2015. Among other things, the Emergency Regulation is designed to achieve the 25 percent statewide potable water usage reduction through February 2016 ordered by Governor Brown in his April 1, 2015 Executive Order.

The Emergency Regulation requires each urban water supplier to "reduce its total potable water production by the percentage identified as its conservation standard." (Cal. Code Regs., tit. 23, § 865(c)(1).) The City of Redlands has failed to meet its conservation standard. Therefore, I am issuing you the enclosed Administrative Civil Liability Complaint (Complaint) under Water Code sections 1846 and1055. The proposed civil liability is based on the findings set forth in the enclosed Complaint.

If you have questions, or believe the allegations are erroneous, please contact Dr. Matthew Buffleben at (916) 341-5891, or by email at Matthew.Buffleben@waterboards.ca.gov. Your right to request a hearing to contest the allegations is also described in the Complaint.

Sincerely,

Christian M. Carrigan, Director
Office of Enforcement

Enclosure

(via email only)
Ms. Cecilia Griego
City of Redlands
Water Resources Specialist
cgriego@cityofredlands.org

State Water Resources Control Board
Ms. Caren Trgovcich
Chief Deputy Director
caren.trgovcich@waterboards.ca.gov

Mr. Eric Oppenheimer, Director
Office of Research, Planning and Performance
eric.oppenheimer@waterboards.ca.gov

Mr. Max Gomberg
Office of Research, Planning and Performance
max.gomberg@waterboards.ca.gov

Dr. Matthew Buffleben, Chief
Special Investigations Unit
Matthew.Buffleben@waterboards.ca.gov

STATE OF CALIFORNIA
CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY
STATE WATER RESOURCES CONTROL BOARD

OFFICE OF ENFORCEMENT

ADMINISTRAVITIVE CIVIL LIABILITY COMPLAINT

In the Matter of Urban Water Conservation
by
CITY OF REDLANDS

YOU ARE HEREBY GIVEN NOTICE THAT:

1. The City of Redlands (Redlands) is alleged to have failed to reduce its total potable water production by 36 percent for each month as compared to the amount used in the same month in 2013, in violation of California Code Regulations, title 23, section 865(c)(10), adopted by the State Water Resources Control Board (State Water Board or Board) pursuant to Water Code section1058.5.

2. Water Code section 1846, subdivision (a)(2), provides that any person or entity that violates a regulation adopted by the Board may be liable for up to five hundred dollars ($500) for each day the violation occurs. Water Code section 1846, subdivision (c), provides that civil liability may be imposed administratively by the State Water Board pursuant to Water Code section 1055.

3. Water Code section 1055, subdivision (a), provides that the Executive Director of the Board may issue a complaint to any person or entity on which Administrative Civil Liability (ACL) may be imposed. State Water Board Executive Director Thomas Howard has delegated this authority to Chief Deputy Director Caren Trgovcich, who in turn has delegated the authority to issue a complaint for violation of California Code Regulations, title 23, sections 865(d)(1) to the Director of the State Water Board's Office of Enforcement, Cris Carrigan.

ALLEGATIONS

4. On January 17, 2014, Governor Edmund G. Brown Jr. (Governor Brown) issued Proclamation No. 1-17-2014 (Proclamation), declaring a State of Emergency to exist in California under the Emergency Services Act due to severe drought conditions. The Proclamation, among other things, called on all Californians to reduce their water usage by 20 percent.

5. On April 25, 2014, Governor Brown issued a Proclamation of a Continued State of Emergency due to drought conditions, based on the need to strengthen the state's ability to manage water and habitat effectively in drought conditions.

6. On April 1, 2015, Governor Brown issued Executive Order B-29-15 (Executive Order) to strengthen the state's ability to manage water and habitat effectively in drought conditions. The Executive Order calls on all Californians to redouble their efforts to conserve water, and directs the State Water Board to impose restrictions on urban water suppliers to achieve a statewide 25 percent reduction in potable urban water usage through February 2016.

7. On May 5, 2015, the State Water Board adopted Resolution 2015-0032, an Emergency Regulation for Statewide Urban Water Conservation (Emergency Regulation) pursuant to Water Code section 1058.5. The Emergency Regulation adds a new section to title 23 of the California Code of Regulations intended to safeguard urban water supplies in the event of continued drought, minimize the potential for waste and unreasonable use of water, and achieve the 25 percent statewide potable water usage reduction ordered by Governor Brown

in the Executive Order. The Emergency Regulation was approved by the Office of Administrative Law and became effective on May 18, 2015.

8. The Emergency Regulation requires each urban water supplier to "reduce its total potable water production by the percentage identified as its conservation standard." California Code Regulations, title 23, section 865(c)(1).

9. Section 865(b)(2) requires urban water suppliers to prepare and submit a monitoring report to the State Water Board by the 15th of each month detailing the total amount of potable water produced compared to the amount produced in the same calendar month in 2013.

10. The drought conditions that formed the basis for the Executive Order and Emergency Regulations continue to exist and will likely continue to exist for the foreseeable future.

11. Redlands has a conservation target, pursuant to Section 865(c)(10), of 36 percent savings over its water usage in 2013. AS of the date of its last report, Redlands is cumulatively 12.6 percent behind in meeting the applicable conservation standard, which translates to an estimated 483,615,654 gallons of water.

12. On August 7, 2015 the State Water Board Office of Enforcement issued a Notice of Violation and an Information Order pursuant to its authority outlined in Section 866(b) of the Emergency Regulations, to determine what actions Redlands had taken to comply with its conservation standard. Redlands responded to the Information Order on August 19, 2015.

13. Water Board staff reviewed the information provided by Redlands in response to the Information Order and have been monitoring ongoing conservation efforts. Although Redlands increased the availability of water conservation rebates, there are significant deficiencies in Redlands' conservation program including: failure to update its water rate structure to include a water conservation incentive, as well as a failure to issue penalties for water users who waste water or violate the local ordinance.

14. Water Board staff reviewed the urban supplier monthly reports and used two metrics asses the nature and persistence of the water conservation standard violations: 1) monthly and cumulative performance in meeting the numeric conservation standard, and 2) the total volume of water produced by the water supplier above the applicable conservation standard. These metrics were analyzed together to compile a single ranking. Redlands was identified as a water supplier whose violation of the regulation was one of the most severe.

15. The circumstances described above indicate that Redlands has violated section 865(c)(10) by failing to reduce its total potable water production by 36 percent for each month as compared to the amount used in the same month in 2013, or for a total of 122 days from the effective date of the Emergency Regulation on June 1, 2015 and the September 30, 2015 date tabulated in its last report.

PROPOSED CIVIL LIABILITY

16. Water Code section 1846, subdivision (a)(2), provides that any person or entity that violates a regulation adopted by the Board may be liable for up to five hundred dollars ($500) for each day the violation occurs.

17. The evidence provided by Redlands in the monthly reports that are submitted in compliance with Section 865(b)(2) demonstrates that Redlands is in ongoing violation of the Conservation Order, beginning on June 1, through at least September 30th – a total of 122 days.

18. The maximum civil liability for the alleged violations is $61,000.

19. In determining the amount of civil liability, California Water Code section 1055.3 requires that the State Water Board consider all relevant circumstances, including, but not limited to, the extent of harm caused by the violation, the nature and persistence of the violation, the length of time over which the violation occurs, and any corrective action taken by the violator.

20. In this case, Redlands has consistently failed to meet its conservation standard, even after a Notice of Violation was issued by the State Water Board. Redlands has issued no penalties to its customers, and as such has failed to enforce its own water restrictions it put in place to meet this standard. Redlands' violation of the emergency regulation has spanned four months, and is ongoing, with little to no change in behavior, regardless of the enforcement actions taken by the State Water Board.

21. Although not required under Water Code section 1055, State Water Board staff evaluated Redlands' ability to pay the proposed civil liability. Water Board staff reviewed Redlands' ability to satisfy immediate financial obligations by reviewing its financial reports and found the budgetary reserve is more than enough to pay the proposed civil liability.

22. Having taken into consideration the factors described above, the Director for the Office of Enforcement recommends an ACL for violating the emergency regulation of $61,000. The recommended penalty is based on the circumstances known to this time: Redlands' continued failure to meet its conservation standard despite repeated warnings during extreme ongoing drought conditions, Redlands' ability to pay, and the need to provide a strong disincentive for continued violation by Redlands, its residents and any similarly-situated parties.

RIGHT TO HEARING

23. Redlands may request a hearing on this matter before the State Water Board. Any such request for hearing must be in writing and received or postmarked within 20 days of the date this notice is received. (California Water Code, § 1055, subd. (b).)

24. If Redlands requests a hearing, Redlands will have an opportunity to be heard and to contest the allegations in this Complaint and the imposition of an ACL by the State Water Board. If a hearing is requested, separate notice setting the time and place for the hearing will be mailed not less than 10 days before the hearing date.

25. If Redlands requests a hearing, the State Water Board will consider at the hearing whether to impose the civil liability, and, if so, whether to adjust the proposed liability within the amount authorized by statute. Based on the evidence received at the hearing, the State Water Board may take any appropriate action in accordance with sections 100, 275, and 1050 et seq. of the California Water Code. Any State Water Board order imposing an ACL shall become final and effective upon issuance.

26. If Redlands does not wish to request a hearing, please remit a cashier's check or money order within 20 days of the date of this Complaint for the amount of the ACL set forth above to:

    State Water Resources Control Board
    Division of Administrative Services
    Accounting Branch 1001 I Street, 18th Floor,
    Sacramento, CA 95814

27. If Redlands does not request a hearing and does not remit the ACL amount, the State Water Board may seek recovery of the ACL amount as authorized by Water Code section 1055.4, may issue a Cease and Desist Order subjecting Beverly Hills to up to $10,000 per day in civil liabilities for non-compliance, or may seek any other remedy authorized by law.

STATE WATER RESOURCES CONTROL BOARD

Christian M. Carrigan, Director
Office of Enforcement

Dated: 10/29/2015

Exhibit B

Supplemental Environmental Project

Project Name:

1. Citrus Grove Irrigation Retrofit-Rebate Program ("Grove Rebates")
2. Educational Water Efficiency Campaign ("Educational Campaign")

Project Developed by:

City of Redlands (the City)

Project to be Performed by:

City of Redlands

Contact:

Cecilia Griego
Water Resources Specialist
City of Redlands
cgriego@cityofredlands.org
(909) 798-7553

Compliance with SEP Criteria:

1. Benefit to Water Conservation

The City's Grove Rebate Program will benefit water conservation by providing incentives to replace inefficient irrigation systems with efficient systems. Although the City's existing rebate program is broad in projects eligible for water saving incentives, Grove rebates will target specific large water users within its service area with a program tailored to larger irrigation systems designed for grove irrigation.

The Educational Campaign will allow the City the opportunity to enroll the community in water waste investigations. By developing a storyline focused on two fictional characters: Ira the irriGATOR and Eva the investiGATOR, alligators involved in all things water, City staff will educate elementary school-age children on efficient outdoor water use as is the central focus of the Governor's water use restrictions, and recognize and report water waste. Additional activities, such as water waste challenges, will invite students to implement what they have learned, by reporting water waste to the City's water conservation hotline using incentives such as public recognition, prizes, etc. By increasing water waste reporting, City staff will be able to contact water waste violators to encourage proper water use.

2. SEP is not a pre-existing obligation of the City

The City is not required to develop, implement, or fund the Project by any permit or order or any local, state or federal law, nor have these programs been previously

contemplated as funded programs or included in prior City budgets, because the City is not required under the emergency regulations to take these actions, and these actions were developed specifically as a Supplement Environmental Project (SEP) following the State Water Resource Control Board's filing of the administrative civil liability complaint.

3. No Fiscal Benefit to Water Board

The Project does not provide any fiscal benefit to the Water Board's functions, its members or its staff.

4. Nexus between Violation and SEP

A nexus exists between the City's violation of its urban water conservation standard and the Project because the City is leveraging violation fine funds to implement these programs which focus on reducing water use and water waste within the City.

Description of Project:

1. The goal(s) of the SEP and detailed plans for achieving the goal(s)

The goal of the SEP is implementation of additional programs that will incentivize customers to reduce water consumption by replacing inefficient irrigation systems and increase public education where the largest amount of water is used within the City, outdoor use.

After approval from City Council to proceed with the final version of the SEP, the City intends to achieve these goals by:

Grove Rebates:

- Development of an application and program parameters;
- Obtain City Council approval; and
- Advertisement of the program to customers.

Educational Campaign:

- Release a Request for Proposals (RFP) for design, illustration and publishing of the characters and storyline;
- Obtain City Council approval to award contract to selected firm;
- Brainstorm and develop character images and storyline;
- Complete illustration of characters, story and props;
- Printing and purchasing of associated collateral; and
- Develop and distribute advertisement to customers of new campaign.

2. Key personnel involved in SEP

The City's staff will include:

Supplemental Environmental Project

Chris Diggs, Municipal Utilities and Engineering Director
Cecilia Griego, Water Resources Specialist
Chelsea Schnitger, Water Conservation Assistant

3. Plans to continue or maintain the SEP beyond the SEP-funded period

If Grove Rebates are successful, staff will continue them through the SEP-funded period.

The City anticipates the Educational Campaign to continue past the SEP-funded period as there are no targeted educational programs currently in place. Specifically, this campaign has the capacity for increased utilization for other water topics such as water recycling, storm water, etc. By developing a framework of characters that focus on water from a broad perspective, it can be utilized in other storylines on other water issues, in which its value to the City increases.

4. Documented Support

At this time there are no supporting documents. As efforts progress, milestones and developed documents will be included in monthly progress reports.

Project Milestones and Budget:

1. The Project will include the following milestones:

Upon approval from City Council to proceed with the final version of the SEP, the City anticipates the following timeline:

Grove Rebates:

July 2016	Development of an application and program parameters
September 2016	Approval from City Council to establish new rebate program
September 2016	Advertisement of program to customers

Educational Campaign:

September 2016	Release a Request for Proposals (RFP) for design, illustration and publishing of the characters and storyline
October 2016	Obtain City Council approval to award contract to selected firm
October 2016-January 2017	Brainstorm and develop character images and storyline, illustration of characters, story and props
February-March 2017	Printing and purchasing of associated collateral
March- April 2017	Develop and distribute advertisement to customers of new campaign
May 2017	Conduct first outreach event

Supplemental Environmental Project

It is anticipated that by June 2017 the City will have exhausted the State required $61,000 thus fulfilling the requirements of the SEP.

2. **The City shall submit monthly status reports as further described below in the section entitled "Reports to the State Water Board" on or before the 15th of each month until the Project is complete.**

3. **The City shall submit a final report and certification of completion as further described in the Settlement Agreement for this matter in:**

   June 2017

Project Performance Measures:

The City will measure the success of the Project by:

Grove Rebates:
- Customer participation;
- Water usage comparison to prior years of participating customers.

Educational Campaign:
- Completion of milestones listed above.

Suspension of $61,000 in administrative civil penalty shall occur after successful completion of the Project and compliance with the SEP provisions in the Settlement Agreement for this matter, which include the requirement that the City demonstrate that it has expended a minimum of $61,000 to implement the Project.

The difference between $61,000 and the suspended amount shall be paid by the City to the State Water Resources Control Board Division of Administrative Services.

Reports to the State Water Board:

The City will provide a monthly progress report to the State Water Board's designated representative in accordance with schedule set forth in the Project Milestones and Budget section above. Each report shall include:

1. Grove Rebates: program application and parameters, advertisement efforts, customer inquiries, participation counts, customer progress, etc.

2. Educational Campaign: Efforts made in campaign development including: Dollars spent and milestones completed.

The City will provide a final report and certification of completion in accordance with the Settlement Agreement for this matter.