

Exhibit C

CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
LAHONTAN REGION

AMENDED CEASE AND DESIST ORDER NO. R6V-2004-0038-A01
WDID NO. 6B190107017

**COUNTY SANITATION DISTRICT NO. 14 OF LOS ANGELES COUNTY
VIOLATIONS OF WASTE DISCHARGE REQUIREMENTS
BOARD ORDER NO. R6V-2002-053
FOR
LANCASTER WATER RECLAMATION PLANT**

Los Angeles County

The California Regional Water Quality Control Board, Lahontan Region (Water Board) finds:

1. Cease and Desist Order (CDO)

On October 13, 2004, the Water Board adopted Cease and Desist Order No. R6V-2004-0038 (original CDO) requiring County Sanitation District No. 14 of Los Angeles County (District 14 or Discharger) to cease and desist discharging waste, according to a compliance schedule, that threatened to violate its Waste Discharge Requirements (WDRs) prescribed in Board Order No. R6V-2002-053. This order amends CDO No. R6V-2004-0038. All Findings of Order No. R6V-2004-0038 that are consistent with the Findings and Requirements in this Amendment, remain in effect. In the event of any inconsistencies, the language in this Amendment controls.

2. Reasons for Action

The Discharger has taken actions to comply with the provisions of the original CDO. These actions have resulted in the Discharger achieving compliance with some of the provisions of the original CDO. However, the Discharger has not complied with other provisions. Additionally, the Discharger will not achieve final compliance with waste discharge requirements as required by the schedules in the original CDO.

The purpose of this amended cease and desist order is to establish revised compliance schedules by which the Discharger must achieve compliance with waste discharge requirements. It also establishes interim standards that the Discharger must achieve to minimize the threatened violation pending compliance with waste discharge requirements. This amended order does not relieve the Discharger from existing liability for violations of the original CDO or from violations of waste discharge requirements. This Amendment does not relieve District 14 from either existing liability due to violations of the original CDO, or from existing or future violation of waste discharge requirements. The existing liability for such violations, and specified liability for future violations of waste discharge requirements, are resolved by an administrative civil liability order adopted by the Water Board.

3. Description of Facilities Proposed by the Discharger

The Discharger prepared and adopted a facilities plan titled: *Lancaster Water Reclamation Plant 2020 Facilities Plan (Final)*, May 2004 (2020 Facilities Plan); and Environmental Impact Report (EIR) titled: *Lancaster Water Reclamation Plant 2020 Facilities Plan Final Environmental Impact Report*, May 2004, which was certified on June 16, 2004.

a. Existing Facilities

Since adoption of the original CDO in October of 2004, the Discharger has implemented portions of its Facilities Plan, including:

- i. Completed construction of a pressurized pipeline to convey treated wastewater 18.3 miles to the Eastern Agricultural Site; and
- ii. Preparation and use of a portion (1920 acres) of the land at the Eastern Agricultural Site to grow crops. For irrigation, the Discharger is using tertiary treated wastewater from the newly constructed Membrane Biological Reactor (MBR) treatment plant and its existing Antelope Valley Tertiary Treatment Plant (AVTTP).

b. Proposed Facilities

Since adoption of the original CDO in October of 2004, the Discharger has begun implementing additional facilities described in its Facilities Plan, including:

- i. A new activated-sludge tertiary treatment plant that will expand the treatment capacity and upgrade the level of treatment, so that the quality of effluent, which will be generated at the Lancaster Water Reclamation Plant, will be disinfected tertiary treated wastewater;
- ii. Four new storage impoundments with a surface area of 283 acres and a capacity to store 1,299 million gallons of treated wastewater; and
- iii. Expansion of the Eastern Agricultural Site from the current 1,920 acres to 3,200 acres and requesting a permit to allow for the discharge of effluent from the new activated-sludge tertiary treatment plant described above at the Eastern Agricultural Site through 2020.

4. Evaluation of the Time to Construct New Facilities

The Water Board retained the services of a professional engineer to independently evaluate schedules proposed by District 14 for incorporation into this amended Order. These schedules cover the design and construction of the storage reservoirs, pump station and upgrades to the wastewater treatment facility. The consultant was hired to compare District 14's proposed implementation schedules to "industry standards." Table 1 compares

- 1) The schedule that the Discharger is currently proposing;
- 2) The schedule that the Discharger originally proposed in 2004 (rejected by the Water Board);
- 3) The schedule that was adopted by the Water Board in the 2004 cease and desist order; and
- 4) The engineer's estimate of industry standards.

Table 1 - Times to Complete New Facilities

Facility	Time to Complete (months) and Completion Date			
	District's Current Proposal	Discharger's Proposal for the 2004 CDO	Schedule in adopted 2004 CDO	Independent Engineer's Estimate
18 MGD Treatment Facility				
Design	28.5 9/29/06	63 4/1/09	57 10/1/08	23-33
Bidding ¹	5 9/12/07			5-8
Construct	37.5 11/1/10			32-43
Total	71	63	57	60-84
Storage Impoundments No. 1 – 2				
Design	22 5/9/07	56 9/1/08	16 5/1/05	12.6
Bidding	4.5 9/17/07		3 8/1/05	N/A
Construct	24 9/21/09		14 10/1/06	18.4
Total (not including time for bidding)	46	56	30	31
Pump Station				
Construct	Not specified 3/22/10	Not specified	Not specified	12

¹ The Board's consultant engineer's analysis did not account for the time needed to prepare and submit complete applications and obtain requirements from the Board upon which to base the final design of the 18 MGD treatment plant. That process required an additional seven (7) months that is not accounted for in the table, but did occur and, when added to the five (5) months noted for "Bidding", accounts for the 12 month period (9/29/06 – 9/12/07) between end of Design to end of Bidding.

The engineer's analysis indicates that the schedule that was adopted by the Water Board in the original CDO for design and construction of the 18 MGD treatment facilities is shorter than the range of industry standards for this type of facility. The compliance schedule proposed in 2004 and rejected by the Water Board and the schedule currently proposed by the Discharger are within the range of industry standard.

The final compliance date in this Amendment to the CDO is November 1, 2010, which is two years and one month beyond the final compliance date of October 1, 2008 that was in the original CDO.

The engineer's analysis also indicates that the schedule for design and construction of the storage impoundments that was adopted by the Water Board in the original CDO is shorter than the industry standard for this type of facility. The Discharger's schedule for constructing the impoundments is longer than would be expected based on industry standards. However, this facility along with the pump station cannot be used until the new treatment facility is on-line since the storage impoundments and reuse site are only permitted to receive tertiary treated wastewater. Completion of these facilities is not on the critical path for compliance and therefore this additional time does not affect the final compliance date.

5. Basis for Changes to Interim Standard

a. Modification of the Diversion Requirements

The effluent-induced overflows have primarily been caused by the volume of winter wastewater discharges to Paiute Ponds. Using facilities that are currently available the Discharger has the ability to divert a portion of the effluent that historically was discharged to Paiute Ponds to other permitted disposal locations. Therefore, it is appropriate to require the Discharger to reduce the volume of its discharge to Paiute Ponds in order to reduce the threat of violations until final compliance is achieved.

The Discharger, in late 2006, received waste discharge requirements allowing it to dispose of tertiary treated wastewater at the Eastern Agricultural Area. The Discharger operates two tertiary treatment facilities: the AVTTP facility and the MBR facility. The Discharger historically operated the AVTTP facility, which is capable of producing effluent at a rate of 0.5 MGD, during the spring, summer and fall to supply recycled water to users. However, there wasn't any demand for recycled water during the winter so it was not used. The MBR facility, which is capable of producing effluent at a rate of 1.0 MGD, was recently completed. Neither facility can continuously produce effluent at the rates stated above because they were not designed with the necessary redundant features typical of facilities that must be operated continuously.

The Discharger is capable of achieving the following new diversions of effluent from being discharged to Paiute Ponds:

MBR Facility

The Discharger has the capability to divert 0.9 MGD year-round (329 MG annually) to the East Agricultural Area.

AVTTP Facility

The Discharger has the capability to divert 0.4 MGD (60 MG) during the November – March period to the East Agricultural Area. This diversion was partially implemented during the 2006-07 winter season. As indicated above, during the remainder of the year, flows from this facility have historically been reused at Apollo Lakes County Park; and, the Discharger is expected to continue to operate the AVTTP facility between April 1st and October 31st of each year and to provide this recycled water to users.

b. Elimination of the Diversion Requirement Associated with Storage Impoundments

The original CDO established an interim diversion requirement based on the premise that the Discharger would store secondary effluent in new impoundments. Based on the current schedule, these new impoundments will not be available before the 2009-10 winter. Additionally, these impoundments are intended and permitted to store tertiary effluent, the level of treatment consistent with agricultural use at the Eastern Agricultural Area. Storing secondary effluent in these impoundments could hamper their use during the 2010-11 winter to store tertiary effluent once the new tertiary treatment facility is complete, thus delaying final compliance. Therefore, the interim diversion requirement associated with using storage impoundments is being rescinded.

6. Final Compliance

As indicated in Finding No. 4 above, the final compliance date in the original CDO does not provide the Discharger with sufficient time to complete the necessary treatment facility. The Discharger's proposed compliance date of November 1, 2010 provides the time, which is consistent with industry standards, for completion of this type of facility. In addition, the proposed compliance date falls immediately before the start of the winter season when discharges to Paiute Ponds contributes to effluent-induced overflows to Rosamond Dry Lake.

7. Submittal of Technical Reports

Pursuant to California Water Code (CWC) section 13267, subdivision (a), the Water Board may investigate the quality of any waters of the state within its region "in connection with any action relating to any plan or requirement authorized by this division." The need for a technical report pursuant to CWC section 13267, subdivision (b) must bear a reasonable relationship to the benefits to be obtained from the report. In compliance with CWC section 13267, subdivision (b), the Water Board is required to provide a written explanation with regard to the need for the report and shall identify the evidence that supports requiring the person to provide the report. In this case:

- a. The Discharger is in violation of its waste discharge requirements and the required information is needed to evaluate the Discharger's interim compliance efforts.
- b. The Water Board needs periodic reports to track the progress of the Discharger in implementing the facilities it needs to comply with waste discharge requirements.

8. California Environmental Quality Act

This enforcement action is being taken to enforce provisions of the California Water Code and, as such, it is exempt from the provisions of the California Environmental Quality Act (Public Resources Code, Section 21000 et seq.) in accordance with Section 15308, Chapter 3, Division 6, Title 14, California Code of Regulations.

9. Notification of Interested Parties

The Water Board notified the Discharger and interested parties of public hearings scheduled for the Regional Board meetings on March 14, 2007, May 23 and 24, 2007, and November 29, 2007. During the public hearings conducted during these meetings, the Water Board heard and considered all comments related to the proposed Order.

10. Petitions

Any person adversely affected by this action of the Water Board may petition the State Water Resources Control Board for review of this action. The State Water Resources Control Board, Office of Chief Counsel, P.O. Box 100, Sacramento, CA 95812-0100 (e-mail or facsimile copies acceptable) must receive the petition within 30 days of the date on which this action was taken. Copies of the law and regulations applicable to filing petitions will be provided on request.

IT IS HEREBY ORDERED that, in accordance with Section 13301 of the California Water Code, the Discharger shall cease and desist from threatening to discharge waste in violation of Discharge Specifications I.E.6 and Provision II.B.4 of Waste Discharge Requirements prescribed in Board Order No. R6V-2002-053 according to the following schedule, and shall comply with interim requirements. Additionally, the Discharger shall, in accordance with Section 13267 of the California Water Code, submit technical reports as required.

I. Relationship of this Order with Cease and Desist Order No. R6V-2004-0038

- A. Interim Standards - Sections I.B. - I.H. (diversion of specific volumes of effluent that would otherwise have been discharged to Piute Ponds to alternative legal points of disposal) are rescinded.
- B. Interim Standard - Section I.I. (investigate use of existing pipeline capacity to provide effluent to additional lands for legal means of disposal) is rescinded.
- C. Final Compliance - Section II. (final date for eliminating effluent-induced overflows) and Reporting - Section III (quarterly status reports) are rescinded.

- D. Time Extensions for Compliance Section V is rescinded.
- E. The remainder of Order No. R6V-2004-0038 remains in effect.

II. Interim Standards

- A. The Discharger must divert 192 MG of effluent between April 1st and October 31st of each year (214 days at 0.9 MGD) that would otherwise be discharged to Paiute Ponds and dispose of this volume at an alternative legal point of disposal.
 - (i) The discharger may demonstrate compliance with this requirement by operating the MBR tertiary treatment facility (90% use) and diverting this effluent to a permitted location other than Paiute Ponds.
 - (ii) If the Discharger chooses, it may demonstrate compliance with this requirement by implementing another method that achieves an equivalent reduction in the amount of effluent discharged to Paiute Ponds.
- B. The Discharger must divert 156 MG (90 days at 1.3 MGD and 61 days at 0.65 MGD) of effluent between November 1st and March 31st of the following year that would otherwise be discharged to Piute Ponds and dispose of this volume at an alternative legal point of disposal.
 - (i) The discharger may demonstrate compliance with this requirement by constructing and operating the MBR facility (90% use) and by operating the AVTTP facility (80% use) (consistent with WDRs requiring the Eastern Agricultural Area to be operated at agronomic needs, crop needs during November and December are one-half of the available recycled water) and diverting this effluent to a permitted location other than Paiute Ponds.
 - (ii) If the Discharger chooses, it may demonstrate compliance with this requirement by implementing another method that achieves an equivalent reduction in the amount of effluent discharged to Piute Ponds.
 - (iii) If the actual total monthly precipitation, as measured at Edwards Air Force Base, is more than the average monthly precipitation for any month, the required volume of effluent to be diverted from Paiute Ponds is reduced by the volume of rainfall over the average that fell on the portion of the Eastern Agricultural Site under cultivation during the month.

$$\text{Reduction (gal)} = [(R_a - R_{ave})] [27,170 \text{ gallons/inch/acre}] [A]$$

Where

R_a = actual monthly rainfall (inches)

R_{ave} = average monthly rainfall (inches)

A = acreage under cultivation during the month (acres)

III. Final Standard

By **November 1, 2010** eliminate the effluent-induced overflows from Piute Ponds to Rosamond Dry Lake by implementing the projects described in the Discharger's 2020 Facilities Plan or by some alternate means that achieves compliance.

IV. Time Extensions for Compliance

The compliance dates required in this Order reflect schedules that incorporate best case assumptions regarding funding, land acquisition, equipment delivery and quality, weather, permitting, and other related issues. The schedules do not account for delays reasonably outside the Discharger's control, or for unforeseen obstacles that might cause delays for the Discharger. Despite the Discharger's efforts to comply, a number of factors may affect the Discharger's ability to achieve compliance within the required schedule. Furthermore, actions reasonably outside the Discharger's control, or unforeseen obstacles, might also prevent the Discharger from complying with interim standards, even though those measures already account for varying rainfall.

If the Discharger faces circumstances which are not reasonably within its control that will delay final compliance, the discharger may request from the Water Board additional time to achieve final compliance. Similarly, if the Discharger faces circumstances which are not reasonably within its control that will interfere with the Discharger's compliance with the interim standards required in this Order, the Discharger may request partial or complete relief from compliance with interim standards. If additional time for compliance, or relief from interim standards is requested by the Discharger, the Water Board Executive Officer and the Discharger will meet and confer to discuss the Discharger's request. Thereafter, if requested by the Discharger, the Water Board Executive Officer will place the Discharger's request(s) on the agenda for the next regularly scheduled meeting in the southern portion of the region (or a later meeting if the Discharger agrees) for consideration by the Water Board. The Water Board will consider the Discharger's request(s) based, at a minimum, upon the facts contained in the request(s), and whether and to what extent the delay or other circumstance was reasonably outside the Discharger's control.

V. Reporting

Pursuant to Section 13267 of the California Water Code, beginning February 1, 2008, quarterly status reports must be submitted to the Water Board by the 1st day of the second month following each quarterly monitoring period until final compliance is achieved. The reports must include, but not be limited to:

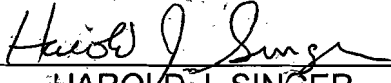
- A. A description of the progress made to date implementing the requirements of Sections II. and III. of this Order, including a detailed schedule containing start and end dates for tasks (both completed and incomplete tasks);
- B. The results of all actions the Discharger has taken to comply with Section II. of this Order. If the Discharger identifies a project or projects that it intends to implement to achieve compliance with this Order, other than the projects identified in this order, the report must include the submittal of an implementation time schedule and each following report must describe progress towards implementation of the project;
- C. The status of planning, design, construction and implementation of any other measures that are necessary or that the Discharger proposes to achieve compliance with this Order;
- D. The identification of any compliance dates that the Discharger anticipates will be missed, along with the rationale for the delay in accomplishing the specific task and projected new compliance dates;
- E. The estimated monthly volumes of treated wastewater discharged from Paiute Ponds to Rosamond Dry Lake. This data is supplemental to the data required in Monitoring and Reporting Program No. R6V-2002-053.
- F. The measured daily and monthly volumes of treated wastewater discharged to authorized disposal/recycling sites, which consist of:
 - 1. Paiute Ponds,
 - 2. Nebeker Ranch,
 - 3. Eastern Agricultural Site,
 - 4. Apollo Park,
 - 5. Division Street Recycled Water Project (only monthly volumes required), and
 - 6. Recycling areas located at the Lancaster Water Reclamation Plant site.

Failure to comply with the terms or conditions of the Order may result in additional enforcement action by the Water Board. The Executive Officer is authorized to initiate, as needed, referral of this matter to the Attorney General of the State of California for the imposition of Civil Liability for failure to comply with this Order, injunctive relief, or for any other legal action as he or she may deem appropriate.

COUNTY SANITATION DISTRICT NO. 14 - 10-
OF LOS ANGELES COUNTY
Lancaster Water Reclamation Plant

AMENDED CEASE AND DESIST ORDER
NO.R6V-2004-0038-A01
WDID No. 6B190107017

I, Harold J. Singer, Executive Officer, do hereby certify that the foregoing is a full, true, and correct copy of an Order adopted by the California Regional Water Quality Control Board, Lahontan Region, on November 29, 2007.


HAROLD J. SINGER
EXECUTIVE OFFICER