

# UNITED STATES ENVIRONMENTAL PROTECTION AGENCY REGION IX

## 75 Hawthorne Street San Francisco, CA 94105

Erik Frostad, President Kailua View Estates Association, Inc. c/o Hawaiiana Management Company, Ltd. 74-5620 Palani Road, Suite 215 Kailua-Kona, HI 96740

SEP 1 1 2019

Subject:

**Issuance of Consent Agreement and Final Order** 

Kailua View Estates Association, Inc. EPA Docket No: UIC-09-2019-0051

Dear Mr. Frostad:

Enclosed please find the Consent Agreement and Final Order that has been issued with respect to the above referenced-matter. The U.S. Environmental Protection Agency Region IX Regional Judicial Officer has signed the Final Order and filed it with the Regional Hearing Clerk. The date it was filed by the Regional Hearing Clerk is the Effective Date of the Final Order. As stated in the Consent Agreement, your payment of \$12,000 is due within 30 days of the Effective Date.

Thank you for your prompt attention to this matter and your ongoing cooperation. If you have any questions, please contact my staff monitoring this matter, Jelani Shareem, at 415-972-3095.

Sincerely,

Amy C Miller

Director

Enforcement and Compliance Assurance Division

M. CBery

Enclosure

1	SYLVIA QUAST Regional Counsel		** FILED **			
2	United States Environmental Protection Agency, Region IX 115EP2019					
3	JANET A. MAGNUSON Attorney Advisor		U.S.EPA - Region Og			
4	United States Environmental Protection Agency, Region IX 75 Hawthorne Street					
5	San Francisco, California 94105 (415) 972-3887					
7	Attorneys for Complainant					
8						
	REGION IX					
9	75 Hawthorne Street					
10	San Francisco, California 94105					
11	IN THE MATTER OF:	) DOCKET NO. UIC-09-20	)19-0051			
12	Kailua View Estates Association, Inc.	) )	,			
13	c/o Hawaiiana Management Company, Ltd. 74-5620 Palani Road, Suite 215	CONSENT AGREI AND	CONSENT AGREEMENT			
14	Kailua-Kona, Hawai'i 96740	FINAL ORDE	ER			
15	Respondent.	) ) )				
16						
17	Proceedings under Sections 1423(c) of the Safe Drinking Water Act,	) )				
18	42 U.S.C. §§ 300h-2(c).					
	CONSENT AGREEMENT					
19						
20	I. AUTHORITIES AND PARTIES					
21	1. The United States Environmental Protection Agency ("EPA"), Region IX and					
22	Kailua View Estates Association, Inc., ("Respondent") (collectively the "Parties") agree to settle					
23	this matter and consent to the entry of this Consent Agreement and Final Order ("CA/FO"). This					
24	CA/FO commences and concludes this proceeding in accordance with 40 C.F.R. §§ 22.13(b),					
25	22.18(b)(2) and 22.45(b).					
	In re Kailua View Estates Association, Inc. PAGE	1 OF 15				

- 2. This is a civil administrative action instituted by EPA Region IX against Respondent pursuant to Section 1423(c) of the Safe Drinking Water Act ("SDWA" or "the Act"), 42 U.S.C. §§ 300h-2(c), for violations of the SDWA and the Underground Injection Control ("UIC") requirements set forth at 40 C.F.R. Part 144.
- 3. Complainant is the Director of the Enforcement and Compliance Assurance
  Division, EPA Region IX. The Administrator of EPA delegated to the Regional Administrator of
  EPA Region IX the authority to bring and settle this action under SDWA. In turn, the Regional
  Administrator of EPA Region IX further delegated the authority to bring and sign a consent
  agreement settling this action under SDWA to the Director of the Enforcement and Compliance
  Assurance Division.
- 4. Respondent is a nonprofit corporation headquartered at 74-5620 Palani Road, Suite 215, Kailua-Kona, Hawaii.

### II. APPLICABLE STATUTES AND REGULATIONS

- 5. Pursuant to SDWA Sections 1421 to 1429, 42 U.S.C. §§ 300h to 300h-8, EPA has promulgated regulations at 40 C.F.R. Part 144 establishing minimum requirements for UIC programs to prevent underground injection that endangers drinking water sources.
- 6. "Underground injection" means the subsurface emplacement of fluids by well injection. 42 U.S.C. § 300h(d)(1); 40 C.F.R. § 144.3.
- 7. "Well injection" means the subsurface emplacement of fluids through a well. 40 C.F.R. § 144.3.
- 8. "Well" means, in relevant part, a dug hole whose depth is greater than the largest surface dimension. 40 C.F.R. § 144.3.
- 9. A "cesspool" is a "drywell," which in turn is a "well," as those terms are defined in 40 C.F.R. § 144.3.

- 10. "Large capacity cesspools" ("LCCs") include "multiple dwelling, community or regional cesspools, or other devices that receive sanitary wastes, containing human excreta, which have an open bottom and sometimes perforated sides." 40 C.F.R. § 144.81(2). LCCs do not include single-family residential cesspools or non-residential cesspools which receive solely sanitary waste and have the capacity to serve fewer than 20 persons per day. *Id*.
- 11. UIC program regulations classify LCCs as Class V UIC injection wells. 40 C.F.R. § 144.80(e).
- 12. Class V UIC injection wells are considered a "facility or activity" subject to regulation under the UIC program. 40 C.F.R. § 144.3.
- 13. "Owner or operator" means the owner or operator of any "facility or activity" subject to regulation under the UIC program. 40 C.F.R. § 144.3.
- 14. The "owner or operator" of a Class V UIC well "must comply with Federal UIC requirements in 40 C.F.R. Parts 144 through 147," and must also "comply with any other measures required by States or an EPA Regional Office UIC Program to protect [underground sources of drinking water]." 40 C.F.R. § 144.82.
- 15. Owners or operators of existing LCCs were required to have closed those LCCs no later than April 5, 2005. 40 C.F.R. §§ 144.84(b)(2) and 144.88.
- 16. Pursuant to Section 1422(c) of the SDWA, 42 U.S.C. § 300h-1(c), and 40 C.F.R. § 147.601, EPA administers the UIC program in the State of Hawaii. This UIC program consists of the program requirements of 40 C.F.R. Parts 124, 144, 146, 147 (Subpart M), and 148.
- 17. Pursuant to Section 1423(c)(1) of the SDWA, 42 U.S.C. § 300h-2(c)(1), and 40 C.F.R. § 19.4, EPA may issue an administrative order either assessing a civil penalty of not more than \$22,927 per day per violation up to a maximum of \$286,586, or requiring compliance, or both, against any person who violates the SDWA or any requirement of an applicable UIC program.

18. Respondent is a corporation and thus qualifies as a "person" within the meaning of Section 1401(12) of the SDWA, 42 U.S.C. § 300f(12), and 40 C.F.R. § 144.3.

- 19. Respondent owns and operates the Kailua View Estates Recreation Center Pavilion located at 75-28 Nani Kailua Drive, Kailua-Kona, Hawaii ("Facility").
- 20. Since at least April 5, 2005, Respondent has owned and operated a cesspool located at the Facility receiving sanitary wastewater from a building located onsite that has the capacity to serve twenty or more persons per day.
- 21. The cesspool identified in Paragraph 20 meets the definition of LCC as that term is defined at 40 C.F.R. § 144.81(2).
- 22. Respondent's failure to close the LCC at the Facility by April 5, 2005 or thereafter constitutes an ongoing violation of 40 C.F.R. §§ 144.84(b)(2) and 144.88.

## IV. SETTLEMENT TERMS

- A. General Provisions
- 23. For the purposes of this proceeding, Respondent (1) admits the jurisdictional allegations contained in this CA/FO, (2) neither admits nor denies the specific factual allegations contained in this CA/FO, (3) consents to the assessment of the penalty and to the specified compliance obligations contained in this CA/FO, and (4) waives any right to contest the allegations or to appeal the final order accompanying this consent agreement. 40 C.F.R. § 22.18(b)(2).
- 24. This CA/FO, inclusive of all exhibits, appendices, and attachments, is the entire agreement between the Parties to resolve EPA's civil claims against Respondent for the alleged violations of the SDWA identified in Section III of this CA/FO. Full compliance with this CA/FO, which includes (1) bringing the LCC at the Facility into compliance with the UIC requirements in accordance with 40 C.F.R. §§ 144.84(b)(2), 144.88(a), and 144.89(a) and in

accordance with Section IV.B of this CA/FO; and (2) payment of an administrative civil penalty of \$12,000 in accordance with Section IV.C of this CA/FO; shall constitute full settlement of Respondent's liability for federal civil claims for the alleged SDWA violations specifically identified in Section III of this CA/FO.

- 25. The provisions of this CA/FO shall apply to and be binding upon Respondent, its officers, directors, agents, servants, authorized representatives, employees, and successors or assigns. Action or inaction of any persons, firms, contractors, employees, agents, or corporations acting under, through, or for Respondent shall not excuse any failure of Respondent to fully perform its obligations under this CA/FO.
- 26. Issuance of this CA/FO does not in any manner affect the right of EPA to pursue appropriate injunctive or other equitable relief or criminal sanctions for any violations of law, except with respect to the claim described in Paragraph 2 that has been specifically resolved by this CA/FO.
- 27. This CA/FO is not a permit or modification of a permit, and does not affect Respondent's obligation to comply with all federal, state, local laws, ordinances, regulations, permits, and orders. Issuance of, or compliance with, this CA/FO does not waive, extinguish, satisfy, or otherwise affect Respondent's obligation to comply with all applicable requirements of the SDWA, regulations promulgated thereunder, and any order or permit issued thereunder, except as specifically set forth herein.
- 28. EPA reserves any and all legal and equitable remedies available to enforce this CA/FO, as well as the right to seek recovery of any costs and attorneys' fees incurred by EPA in any actions against Respondent for noncompliance with this CA/FO.
- 29. Unless otherwise specified, the Parties shall each bear their own costs and attorneys' fees incurred in this proceeding.

- 30. This CA/FO may be executed and transmitted by facsimile, email or other electronic means, and in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute an instrument. If any portion of this CA/FO is determined to be unenforceable by a competent court or tribunal, the Parties agree that the remaining portions shall remain in full force and effect.
- 31. The undersigned representative of each party certifies that he or she is duly and fully authorized to enter into and ratify this CA/FO.
- 32. For purposes of the identification requirement of Section 162(f)(2)(A)(ii) of the Internal Revenue Code, 26 U.S.C. § 162(f)(2)(A)(ii), performance of Section IV.B (Compliance Requirements) is restitution or required to come into compliance with law.
  - B. Compliance Requirements
- 33. As required by Section 1423(c)(1) of the Act, 42 U.S.C. § 300h-2(c)(1), and consistent with the timeframes set forth below, Respondent shall:
  - a. By December 31, 2019, close the LCC located at the Facility in accordance with 40 C.F.R. §§ 144.84(b)(2), 144.88(a), and 144.89(a), and all other applicable requirements, including all Hawaii Department of Health ("HDOH") closure, conversion, and/or replacement requirements. If Respondent installs one or more replacement wastewater systems, such as Individual Wastewater Systems ("IWSs"), then installation and operation of such systems shall comply with all HDOH requirements; and
  - b. Within thirty (30) days of closure of the LCC, submit to EPA a description of how the LCC was closed and identify the contractor(s) providing the service as well as copies of the cesspool Backfill Closure Reports for the closure of the cesspool. Respondent shall also submit all related approvals, including for any replacement systems, issued by HDOH within thirty (30) days of closure

In re Kailua View Estates Association, Inc.

75 Hawthorne Street (ORC-1) San Francisco, CA 94105

Jelani Shareem, Enforcement Officer
U.S. Environmental Protection Agency
Region IX – Enforcement and Compliance Assurance Division
75 Hawthorne Street (ENF-3-3)
San Francisco, CA 94105

Janet A. Magnuson, Attorney Advisor U.S. Environmental Protection Agency Region IX – Office of Regional Counsel 75 Hawthorne Street (ORC-2-3) San Francisco, CA 94105

- 38. In accordance with the Debt Collection Act of 1982 and 40 C.F.R. Part 13 interest, penalty charges, and administrative costs will be assessed against the outstanding amount that Respondent owes to EPA for Respondent's failure to pay the civil administrative penalty by the deadline specified in Paragraph 35.
- 39. Interest on delinquent penalties will be assessed at an annual rate that is equal to the rate of current value of funds to the United States Treasury (i.e., the Treasury tax and loan account rate), as prescribed and published by the Secretary of the Treasury in the Federal Register and the Treasury Fiscal Requirements Manual Bulletins. 40 C.F.R. § 13.11(a)(1).
- 40. A penalty charge will be assessed on all debts more than 90 days delinquent. The penalty charge will be at a rate of 6% per annum and will be assessed monthly. 40 C.F.R. § 13.11(c).
- 41. In addition, administrative costs for handling and collecting Respondent's overdue debt will be based on either actual or average cost incurred, and will include both direct and indirect costs. 40 C.F.R. § 13.11(b).
- 42. Failure to pay any civil administrative penalty by the deadline may also lead to any or all of the following actions:
- a. The debt being referred to a credit reporting agency, a collection agency, or to In re Kailua View Estates Association, Inc.

In re Kailua View Estates Association, Inc.

the Department of Justice for filing of a collection action in the appropriate United States District Court. 40 C.F.R. §§ 13.13, 13.14, and 13.33. In any such collection action, the validity, amount, and appropriateness of the assessed penalty and of this CA/FO shall not be subject to review.

- b. The department or agency to which this matter is referred (e.g., the Department of Justice, the Internal Revenue Service) may assess administrative costs for handling and collecting Respondent's overdue debt in addition to EPA's administrative costs.
- c. EPA may (i) suspend or revoke Respondent's licenses or other privileges; or
   (ii) suspend or disqualify Respondent from doing business with EPA or
   engaging in programs EPA sponsors or funds. 40 C.F.R. § 13.17.
- 43. Respondent shall tender any interest, handling charges, late penalty payments, and stipulated penalties in the same manner as described in Paragraphs 36 and 37.
  - D. Stipulated Penalties
- 44. Respondent shall pay stipulated penalties in accordance with this Section for any violations of this CA/FO.
- 45. If Respondent fails to pay the assessed civil administrative penalty specified in Section IV.C of this CA/FO by the deadline specified in that section, or fails to meet the compliance deadline for closure of the cesspool at the Facility by the deadline specified in Section IV.B of this CA/FO, Respondent agrees to pay in addition to the assessed penalty, a stipulated penalty of \$250 per day for each day the Respondent is late in making the penalty payment or meeting the closure deadline for the Facility's LCC.
- 46. If Respondent fails to timely submit any reports in accordance with the timelines set forth in this CA/FO, Respondent agrees to pay a stipulated penalty of \$75 for each day after the report was due until it submits the report in its entirety.

- 47. Respondent agrees to pay any stipulated penalties within thirty (30) days of receipt of EPA's written demand for such penalties. All penalties shall begin to accrue on the first date of noncompliance, and shall continue to accrue through the date of completion of the delinquent CA/FO requirement. Respondent will use the method of payment specified in Paragraphs 36 and 37, and agrees to pay interest, handling charges and penalties that accrue for late payment of the stipulated penalty in the same manner as set forth in Paragraphs 38 through 42.
- 48. Neither the demand for, nor payment of, a stipulated penalty relieves Respondent of its obligation to comply with any requirement of this CA/FO or modifies or waives any deadlines set forth in this CA/FO.
- 49. EPA may, in the unreviewable exercise of its discretion, elect to pursue any other administrative or judicial remedies in addition to or in lieu of assessing stipulated penalties and/or reduce or waive stipulated penalties due under this CA/FO.

#### E. Force Majeure

- 60. Respondent shall exercise its best efforts to avoid or minimize any delay and any effects of a delay. If any event occurs which causes or may cause delays meeting the deadlines set forth in this CA/FO, Respondent or its attorney shall, within forty-eight (48) hours of the delay or within forty-eight (48) hours of Respondent's knowledge of the anticipated delay, whichever is earlier, notify EPA in writing, by email or overnight mail. Within fifteen (15) days thereafter, Respondent shall provide in writing the reasons for the delay, the anticipated duration of the delay, the measures taken or to be taken to prevent or minimize the delay, and a timetable by which those measures will be implemented. Failure to comply with the notice requirement of this paragraph shall preclude Respondent from asserting any claim of *force majeure*.
- 51. If EPA agrees in writing that the delay or anticipated delay in compliance with this CA/FO has been or will be caused by circumstances entirely beyond the control of

In re Kailua View Estates Association, Inc.

1

2

3

4

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

55. EPA must send any written communications under this CA/FO to the following address: Kailua View Estates c/o Hawaiiana Management Company, 74-5620 Palani Rd. Suite 215, Kailua Kona, HI 96740.

#### V. EFFECTIVE DATE

- 56. Pursuant to 40 C.F.R. § 22.45, this CA/FO will be subject to public notice and comment at least 40 days prior to it becoming effective through the issuance of the final order by the Regional Judicial Officer.
- 57. In accordance with 40 C.F.R. §§ 22.18(b)(3) and 22.31(b), this CA/FO shall be effective on the date that the final order contained in this CA/FO, having been approved and issued by either the Regional Judicial Officer or Regional Administrator, is filed with the Regional Hearing Clerk.

FOR THE CONSENTING PARTIES:

Kailua View Estates Associations, Inc.:

Eric Frostad, President

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY:

In re Kailua View Estates Association, Inc.

PAGE 12 OF 15

Date: 7/9/19

21

19

20

22

23 24

- 1						
1	UNITED STATES ENVIRONMENTAL PROTECTION AGENCY:					
2	Date:					
\(\frac{3}{4}\)	Amy C. Miller  Director, Enforcement and Compliance Assurance Division  Region IX					
5	U.S. Environmental Protection Agency 75 Hawthorne Street					
6	San Francisco, CA 94105					
7						
8						
9						
10	·					
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
l						

24

#### 1 UNITED STATES ENVIRONMENTAL PROTECTION AGENCY **REGION IX** 2 75 Hawthorne Street San Francisco, California 94105 3 4 IN THE MATTER OF: DOCKET NO. UIC-09-2019-0051 5 Kailua View Estates Association, Inc. 6 c/o Hawaiiana Management Company, Ltd. CONSENT AGREEMENT 74-5620 Palani Road, Suite 215 AND 7 FINAL ORDER Kailua-Kona, Hawai'i 96740 8 Respondent. 9 Proceedings under Sections 1423(c) of the 10 Safe Drinking Water Act, 42 U.S.C. §§ 300h-2(c). 11 12 FINAL ORDER 13 The United States Environmental Protection Agency Region IX ("EPA"), and the 14 Respondent Kailua View Estates Association, Inc., ("Respondent"), having entered into the 15 foregoing Consent Agreement, and EPA having duly publicly noticed the Stipulations and 16 Findings and Final Order regarding the matters alleged therein, 17 IT IS HEREBY ORDERED THAT: 18 The foregoing Consent Agreement and this Final Order (Docket No. UIC-09-1. 19 2019-0051) be entered; 20 2. Respondent pay an administrative civil penalty of \$12,000 dollars to the Treasurer 21 of the United States of America in accordance with the terms set forth in the Consent Agreement; 22 3. Respondent close one LCC by December 31, 2019 in accordance with the terms 23 set forth in Paragraph 33 of the Consent Agreement; and 24 4. Respondent comply with all other requirements of the Consent Agreement. 25 In re Kailua View Estates Association, Inc. PAGE 14 OF 15

1	This Final Order is effective on the date that it is filed. This Final Order constitutes full				
2	adjudication of the allegations in the Consent Agreement entered into by the Parties in this				
3	proceeding.				
4					
5	Date: 09/11/19				
6	Steven L. Jawgiel Regional Judicial Officer, Region IX				
7	U.S. Environmental Protection Agency				
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					

# **CERTIFICATE OF SERVICE** 1 I hereby certify that the forgoing FINAL ORDER incorporating a CONSENT AGREEMENT in 2 the matter of Kailua View Estates Association, Inc. (UIC-09-2018-0051), dated 3 was filed with the Regional Hearing Clerk and sent. 4 FIRST CLASS MAIL - CERTIFIED 5 Tracking Numbers: 7015 3010 0000 3883 5338 6 Eric Frostad, President Respondent Kailua View Association, Inc. 7 c/o Hawaiiana Management Company, Ltd. 74-5620 Palani Road, Suite 215 8 Kailua-Kona, HI 96740 9 **HAND DELIVERED** 10 Janet Magnuson, Attorney Advisor EPA Region IX Attorney: 11 United States Environmental Protection Agency Region IX – Office of Regional Counsel (ORC-2) 12 75 Hawthorne Street San Francisco, CA 94105 13 14 15 Dated at San Francisco, California: 16 17 18 Steven Armsey 19 Regional Hearing Clerk U.S. EPA, Region 9 20 21 22 23 24

In re: Kailua View Estates Association, Inc. Consent Agreement and Final Order