



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 4
ATLANTA FEDERAL CENTER
61 FORSYTH STREET
ATLANTA, GEORGIA 30303-8960

APR 16 2009

CERTIFIED MAIL 7008 1140 0002 7576 8884
RETURN RECEIPT REQUESTED

Mr. Brian M. Babb, Esq.
Keating Muething and Klekamp, PLL
One East Fourth Street, Suite 1400
Cincinnati, Ohio 45202-3752

Re: Consent Agreement and Final Order
Docket No. CWA-04-2009-4503(b)
Grand Communities, Limited
Granite Spring Subdivision
Cold Spring, Kentucky

Dear Mr. Babb:

Enclosed please find a fully executed copy of the Consent Agreement and Final Order that has been finalized by the U.S. Environmental Protection Agency and the Regional Judicial Officer. Please make note of the provisions under Section IV. Payment.

Should you have any questions or problems, please contact Mr. Humberto Guzman at (404) 562-8942.

Sincerely,

A handwritten signature in black ink, appearing to read "Douglas F. Mundrick".

Douglas F. Mundrick, P.E.
Chief, Clean Water Enforcement Branch
Water Protection Division

Enclosure

cc: Kentucky Department for Environmental
Protection

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 4

IN THE MATTER OF:)
)
GRAND COMMUNITIES, LIMITED) CONSENT AGREEMENT AND
) FINAL ORDER
GRANITE SPRING SUBDIVISION)
COLD SPRING, KENTUCKY)
) DOCKET NO. CWA-04-2009-4503(b)
RESPONDENT.)
_____)

2009 APR 16 PM 3:37
HEARINGS CLERK
EPA REGION 4
EPA

CONSENT AGREEMENT

I. Statutory Authority

1. This is a civil penalty proceeding pursuant to Section 309(g)(2)(A) of the Clean Water Act ("CWA"), 33 U.S.C. § 1319(g)(2)(A), and the *Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties, Issuance of Compliance or Corrective Action Orders and the Revocation, Termination or Suspension of Permits*, including Subpart I, published at 64 Fed. Reg. 40176 (July 23, 1999) and codified at 40 Code of Federal Regulations ("C.F.R.") Part 22.

2. The authority to take action under Section 309(g)(2)(A) of the CWA, 33 U.S.C. § 1319(g)(2)(A), is vested in the Administrator of the United States Environmental Protection Agency ("EPA"). The Administrator has delegated this authority to the Regional Administrator, Region 4, who in turn has delegated this authority to the Director of the Water Management Division, who in turn has delegated this authority to the Chief of the Water Programs Enforcement Branch of EPA Region 4 ("Complainant").

II. Allegations

3. At all times relevant to this action, Grand Communities, Limited ("Respondent"), was a limited liability partnership formed under the laws of the Commonwealth of Kentucky and is a "person" within the meaning of Section 502(5) of the CWA, 33 U.S.C. § 1362(5).

4. At all times relevant to this action, Respondent owned and/or operated a construction site known as Granite Spring Subdivision ("Development") located at Buning Lane at Granite Spring Drive in Cold Spring, Kentucky.

5. To accomplish the objective of the CWA, defined in Section 101(a) of the CWA, 33 U.S.C. § 1251(a), to restore and maintain the chemical, physical and biological integrity of the nation's waters, Section 301(a) of the CWA, 33 U.S.C. § 1311(a), prohibits the discharge of

pollutants by any person into waters of the United States except as in compliance with a National Pollutant Discharge Elimination System ("NPDES") permit issued pursuant to Section 402 of the CWA, 33 U.S.C. § 1342.

6. Section 402 of the CWA, 33 U.S.C. § 1342, establishes an NPDES Permit Program authorizing EPA or authorized states to administer the NPDES Permit Program, including the issuance of NPDES permits allowing for the discharge of pollutants, including storm water, into navigable waters subject to specific terms and conditions. EPA has granted the Commonwealth of Kentucky through the Department for Environmental Protection ("KDEP") approval to issue NPDES permits pursuant to Section 402(b) of the CWA. KDEP is responsible for the enforcement of Kentucky Revised Statutes ("KRS") Chapter 224 and 401 Kentucky Administrative Regulations ("KAR") 5:055, Sections 1 and 5, and the approval of permit coverage upon submission of a Notice of Intent ("NOI").

7. KDEP issued a *General KPDES Permit for Storm Water Point Source Discharges, Construction Activities* ("Permit"), Permit No. KYR10, in accordance with the provisions of the KRS Chapter 224 and pursuant to 401 KAR 5:055, Sections 1 and 5, and the CWA. The Permit was effective October 1, 2002, and expired September 30, 2007.

8. The Permit is a Kentucky statewide NPDES general permit governing storm water point source discharges associated with construction activities including clearing, grading, and excavation activities except operations that result in the disturbance of less than five (5) acres of total land area which are not part of a larger common plan of development or sale.

9. To obtain coverage under the Permit, a signed NOI must be submitted to KDEP forty-eight (48) hours before construction activity begins. Failure to obtain or maintain Permit coverage shall not relieve a discharger from complying with the applicable performance standards. 401 KAR 5:055, Section 1.

10. On August 1, 2005, Respondent submitted an NOI requesting permit coverage to KDEP.

11. Part II of the Permit incorporated 401 KAR 5:065, Section 1 by reference.

A. 401 KAR 5:065, Section 1(4) required the Permittee to take all reasonable steps to minimize or prevent any discharge in violation of the Permit which has a reasonable likelihood of adversely affecting human health or the environment.

B. 401 KAR 5:065, Section 1(5) required the Permittee to properly operate and maintain at all times all facilities and systems of treatment and control and related appurtenances which are installed or used by the Permittee to achieve compliance with the conditions of the Permit.

12. Part IV of the Permit required the Permittee to develop a Best Management Practices (“BMP”) Plan to assure compliance with the Permit, to maintain the Plan onsite and to make the Plan available upon request.

13. Part IV.B(1) of the Permit required the Permittee to preserve existing vegetation where possible and to stabilize all disturbed areas within fourteen (14) days on areas of the site where construction activities have permanently or temporarily (for twenty-one (21) days or more) ceased.

14. Part IV.C of the Permit required the Permittee to minimize any off-site vehicle sediment tracking and dust generation.

15. Part IV.E of the Permit required the BMP Plan to include a clear description of the maintenance procedures necessary to keep the control measures in good and effective operating condition.

16. Part IV.F of the Permit required the Permittee to ensure that qualified personnel inspect all storm water control measures, discharge locations, vehicle exits, disturbed areas of the construction site and material storage areas at least once every seven (7) days (and within twenty-four (24) hours of the end of a storm that is 0.5 inches or greater) and areas that have been temporarily or finally stabilized at least once a month. The Permittee was required to make a report summarizing the scope of the inspection, names and qualifications of personnel making the inspection, the date of the inspection, major observations relating to the implementation of the BMP Plan, and any corrective actions.

17. On October 23, 2007, representatives of EPA in conjunction with the KDEP performed a Compliance Storm Water Evaluation Inspection (“CSWEI”) at Respondent’s Development to evaluate the treatment and disposal of storm water in accordance with the CWA, the regulations promulgated thereunder at 40 C.F.R. § 122.26, and the expired Permit.

18. As a result of the CSWEI, EPA, Region 4 determined that storm water associated with industrial activity was discharged from the Development within the meaning of Section 402(p) of the CWA, 33 U.S.C. § 1342(p), and its implementing regulations.

19. During the CSWEI, EPA inspectors observed the following:

A. A BMP Plan was not available at the site, as required by Part IV of the expired Permit.

B. Respondent failed to properly operate and maintain all facilities and systems of treatment and control and related appurtenances which are installed or used to achieve compliance with the conditions of the expired Permit, as required by Part II of the expired Permit and 401 KAR 5:065, Section 1(5). Silt fences throughout the site had fallen and need to be reinstalled; street storm drain inlets were not protected; the sedimentation pond was not operating

properly and allowing sediment discharges into Pooles Creek; and the entrance/exit pads were either nonexistent or in need of additional rock.

C. Respondent failed to preserve existing vegetation where possible and to stabilize all disturbed areas within fourteen (14) days on areas where construction activities have permanently or temporarily (for twenty-one (21) days or more) ceased, as required by Part IV.B(1) of the expired Permit.

D. Respondent failed to use silt fences or other equivalent structural practices on all side and down slope borders of the Development, as required by Part IV.B(2) of the expired Permit. Also, Respondent failed to minimize off-site vehicle sediment tracking as required by Part IV.C of the expired Permit.

E. Respondent failed to provide inspection records for review during EPA's inspection. Records of inspections conducted in accordance with Part IV.F of the expired Permit should be made available for review upon request.

20. Therefore, Complainant alleges that Respondent has violated Sections 301 and 402(p) of the CWA, 33 U.S.C. §§ 1311 and 1342(p), by failing to comply with the Permit, and also for discharges not authorized by the Permit.

III. Stipulations and Findings

21. Complainant and Respondent have conferred for the purpose of settlement pursuant to 40 C.F.R. § 22.18 and desire to resolve this matter and settle the allegations described herein without a formal hearing. Therefore, without the taking of any evidence or testimony, the making of any argument, or the adjudication of any issue in this matter, and in accordance with 40 C.F.R. § 22.13(b), this Consent Agreement and Final Order ("CA/FO") will simultaneously commence and conclude this matter.

22. For the purposes of this CA/FO, Respondent admits the jurisdictional allegations set out above and neither admits nor denies the factual allegations set out above.

23. Respondent hereby waives its right to contest the allegations set out above and its right to appeal the Final Order accompanying this Consent Agreement.

24. Respondent consents to the assessment of and agrees to pay the civil penalty as set forth in this CA/FO and consents to the other conditions set forth in this CA/FO.

25. By signing this CA/FO, Respondent certifies that the information it has supplied concerning this matter was at the time of submission, and is, truthful, accurate, and complete for each such submission, response and statement. Respondent realizes that there are significant penalties for submitting false or misleading information, including the possibility of fines and/or imprisonment for knowing submission of such information.

26. EPA reserves the right to assess and collect any and all civil penalties for any violation described herein to the extent that any information or certification provided by Respondent was materially false or inaccurate at the time such information or certification was provided to EPA.

27. Complainant and Respondent agree to settle this matter by their execution of this CA/FO. The parties agree that the settlement of this matter is in the public interest and that this CA/FO is consistent with the applicable requirements of the CWA.

IV. Payment

28. Pursuant to Section 309(g)(2)(A) of the CWA, 33 U.S.C. § 1319(g)(2)(A), and 40 C.F.R. Part 19, and considering the nature of the violations and other relevant factors, EPA has determined that **Twelve Thousand Dollars (\$12,000.00)** is an appropriate civil penalty to settle this action.

29. Respondent shall submit payment of the penalty specified in the preceding paragraph via cashier's or certified check, payable to the order of "Treasurer, United States of America." The check shall reference on its face the name of Respondent and the Docket Number of this CA/FO. Such payment shall be tendered to:

U.S. Environmental Protection Agency
Fines and Penalties
Cincinnati Finance Center
P.O. Box 979077
St. Louis, MO 63197-9000.

30. At the time of payment, Respondent shall send a separate copy of the check, and a written statement that payment has been made in accordance with this CA/FO, to the following persons at the following addresses:

Regional Hearing Clerk
U.S. Environmental Protection Agency, Region 4
61 Forsyth Street, S.W.
Atlanta, GA 30303-8960

and

Mary Mattox
U.S. Environmental Protection Agency, Region 4
Water Programs Enforcement Branch
Water Management Division
61 Forsyth Street, S.W.
Atlanta, GA 30303-8960.

31. The penalty amount specified herein shall represent civil penalties assessed by EPA and shall not be deductible for purposes of federal taxes.

32. Pursuant to 40 C.F.R. Part 13 and 31 U.S.C. § 3717 et seq., if EPA does not receive payment of the penalty assessed by this CA/FO in full by its due date, interest shall accrue on the unpaid balance from the due date through the date of payment at an annual rate equal to the rate of the current value of funds to the United States Treasury as prescribed and published by the Secretary of the Treasury. If all or part of the payment is overdue, EPA will assess a late-payment handling charge of \$15.00, with an additional delinquent notice charge of \$15.00 for each subsequent thirty (30) day period. EPA will also assess on a monthly basis an up to six percent (6%) per annum penalty on any principal amount not paid within ninety (90) days of the due date.

33. Pursuant to Section 309(g)(9) of the CWA, 33 U.S.C. § 1319(g)(9), failure by Respondent to pay the penalty assessed by the CA/FO in full by its due date may subject Respondent to a civil action to collect the assessed penalty plus interest (at currently prevailing rates from the effective date of this CA/FO), attorney's fees, costs for collection proceedings and a quarterly nonpayment penalty for each quarter during which such failure to pay persists. Such nonpayment penalty shall be in an amount equal to twenty percent (20%) of the aggregate amount of such penalty and nonpayment penalty which are unpaid as of the beginning of such quarter. In any such collection action, the validity, amount and appropriateness of the penalty and of this CA/FO shall not be subject to review.

V. General Provisions

34. This CA/FO shall not relieve Respondent of its obligation to comply with all applicable provisions of federal, state, or local law, nor shall it be construed to be a ruling on, or determination of, any issue related to any federal, state, or local permit. Other than as expressed herein, compliance with this CA/FO shall not be a defense to any actions subsequently commenced pursuant to federal laws and regulations administered by EPA.

35. Nothing in this CA/FO shall be construed as prohibiting, altering, or in any way limiting the ability of the United States to seek any other remedies or sanctions available by virtue of Respondent's violation of this CA/FO or of the statutes and regulations upon which this CA/FO is based, or for Respondent's violation of any federal or state statute, regulation or permit.

36. Except as otherwise set forth herein, this CA/FO constitutes a settlement by Complainant and Respondent of all claims for civil penalties pursuant to the CWA with respect to only those violations alleged in this CA/FO. Except as otherwise set forth herein, compliance with this CA/FO shall resolve the allegations of violations contained herein. Nothing in this CA/FO is intended to nor shall be construed to operate in any way to resolve any criminal liability of Respondent, or other liability resulting from violations that were not alleged in this CA/FO. Other than as expressed herein, Complainant does not waive any right to bring an enforcement action against Respondent for violation of any federal or state statute, regulation or permit, to initiate an action for imminent and substantial endangerment, or to pursue criminal enforcement.

37. Each undersigned representative of the parties to this CA/FO certifies that he or she is fully authorized to enter into the terms and conditions of this CA/FO and to execute and legally bind that party to it.

38. This CA/FO applies to and is binding upon Respondent and its officers, directors, employees, agents, successors and assigns.

39. Any change in the legal status of Respondent, including but not limited to any transfer of assets of real or personal property, shall not alter Respondent's responsibilities under this CA/FO.

40. Each party shall bear its own costs and attorneys fees in connection with the action resolved by this CA/FO.

41. In accordance with 40 C.F.R. § 22.5, the individuals below are authorized to receive service relating to this proceeding.

For Complainant:

Judy K. Marshall
Associate Regional Counsel
Office of Environmental Accountability
U.S. Environmental Protection Agency, Region 4
61 Forsyth Street
Atlanta, GA 30303-8960
(404) 562-9533.

For Respondent:

Brian M. Babb, Esq.
Keating Muething & Klekamp, PLL
One East Fourth Street, Suite 1400
Cincinnati, Ohio 45202-3752
(513) 579-6457.

42. The parties acknowledge and agree that this CA/FO is subject to the requirements of 40 C.F.R. § 22.45(c)(4), which provides a right to petition to set aside a consent agreement and proposed final order based on comments received during the public comment period.

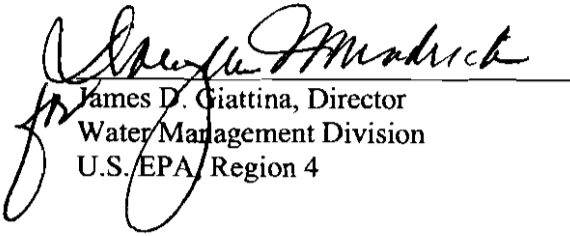
43. Pursuant to Section 309(g) of the CWA, 33 U.S.C. § 1319(g), and 40 C.F.R. § 22.38(b), Complainant represents that the Commonwealth of Kentucky was provided prior opportunity to consult with Complainant regarding this matter.

VI. Effective Date

44. The effective date of this CA/FO shall be the date on which the CA/FO is filed with the Regional Hearing Clerk.

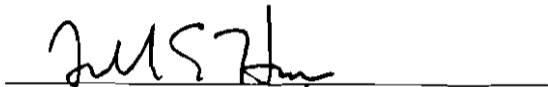
AGREED AND CONSENTED TO:

For COMPLAINANT, U.S. ENVIRONMENTAL PROTECTION AGENCY:


James D. Giattina, Director
Water Management Division
U.S. EPA, Region 4

Date: 2/11/09

For RESPONDENT GRAND COMMUNITIES, LTD.:


NAME: Todd E. Huss
TITLE: PRESIDENT
FISCHER DEVELOPMENT COMPANY,
ITS GENERAL PARTNER

Date: JANUARY 26, 2009

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 4

IN THE MATTER OF:)
)
GRAND COMMUNITIES, LIMITED) CONSENT AGREEMENT AND
) FINAL ORDER
GRANITE SPRING SUBDIVISION)
)
COLD SPRING, KENTUCKY)
)
) DOCKET NO. CWA-04-2009-4503(b)
RESPONDENT.)
_____)

FINAL ORDER

In accordance with the *Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties, Issuance of Compliance or Corrective Action Orders and the Revocation, Termination or Suspension of Permits*, including Subpart I, 40 C.F.R. Part 22, and authorities delegated to me, the foregoing Consent Agreement is hereby approved and incorporated by reference into this Final Order. Pursuant to Section 309(g)(2)(A) of the CWA, 33 U.S.C. § 1319(g)(2)(A), Respondent is hereby ordered to comply with the terms of the foregoing Consent Agreement.

U.S. ENVIRONMENTAL PROTECTION AGENCY:

Date: April 14, 2009

Susan B. Schub
Susan B. Schub
Regional Judicial Officer

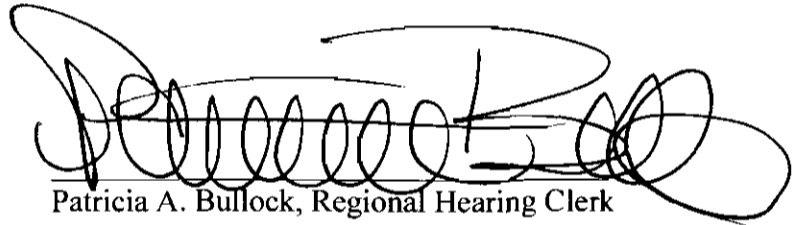
CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the attached **CONSENT AGREEMENT AND FINAL ORDER** in the matter of Grand Communities, Ltd., **Docket No. CWA-04-2009-4503(b)** (filed with the Regional Hearing Clerk on APR 16 2009, 2009) was served on APR 16 2009, 2009, in the manner specified to each of the persons listed below.

By band-delivery: Judy K. Marshall
Associate Regional Counsel
U.S. EPA, Region 4
61 Forsyth Street, S.W.
Atlanta, Georgia 30303

**By certified mail,
return receipt requested:** Mr. Brian M. Babb, Esq.
Keating Muething and Klekamp, PLL
One East Fourth Street, Suite 1400
Cincinnati, OH 45202-3752

Mr. Jeff Cummins, Acting Director
Division of Enforcement
Kentucky Department for Environmental Protection
300 Fair Oaks Lane
Frankfort, Kentucky 40601



Patricia A. Bullock, Regional Hearing Clerk
United States Environmental
Protection Agency, Region 4
Sam Nunn Atlanta Federal Center
61 Forsyth Street, S.W.
Atlanta, Georgia 30303
(404) 562-9511

EPA ACCOUNTS RECEIVABLE CONTROL NUMBER FORM

TO BE COMPLETED BY THE ORIGINATING OFFICE:

(Attach a copy of the final order and transmittal letter to Defendant/Respondent)

This form was originated by: Mary Mattox on 2/10/09
(Name) (Date)

in the WPD/CWBB/West NPDES Enforcement Section at (404) 562- 9733
(Office) (Telephone Number)

Non-SF Judicial Order/Consent Decree
USAO COLLECTS

Administrative Order/Consent Agreement
FMO COLLECTS PAYMENT

SF Judicial Order/Consent Decree
DOJ COLLECTS

Oversight Billing - Cost Package required:
Sent with bill

Not sent with bill

Other Receivable

Oversight Billing - Cost Package not required

This is an original debt

This is a modification

PAYEE: _____
(Name of person and/or Company/Municipality making the payment)

The Total Dollar Amount of the Receivable: \$ 12,000
(If installments, attach schedule of amounts and respective due dates. See Other side of this form.)

The Case Docket Number: CWA-04-209-4503(b)

The Site Specific Superfund Account Number: _____

The Designated Regional/Headquarters Program Office: Water Protection Division

TO BE COMPLETED BY LOCAL FINANCIAL MANAGEMENT OFFICE:

The IFMS Accounts Receivable Control Number is: _____ Date: _____

DISTRIBUTION:

A. **JUDICIAL ORDERS:** Copies of this form with an attached copy of the front page of the **FINAL JUDICIAL ORDER** should be mailed to:

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| 1. Debt Tracking Officer
Environmental Enforcement Section
Department of Justice RM 1647
P.O. Box 7611, Benjamin Franklin Station
Washington, D.C. 20044 | 2. Originating Office (EAD) |
| | 3. Designated Program Office |

B. **ADMINISTRATIVE ORDERS:** Copies of this form with an attached copy of the front page of the Administrative Order should be to:

- | | |
|---------------------------|------------------------------|
| 1. Originating Office | 3. Designated Program Office |
| 2. Regional Hearing Clerk | 4. Regional Counsel (EAD) |