UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF
ENFORCEMENT AND
COMPLIANCE ASSURANCE

U.S. v. Centex Homes, a Nevada general partnership
Information Sheet

On June 11, 2008, the United States lodged a settlement between the United States, Centex Homes, and the States of Maryland, Tennessee, Missouri, Colorado, Utah and Nevada, and the Commonwealth of Virginia.

- Centex Homes was ranked the fourth largest home builder in the country in 2006 and the third largest builder in 2007 in terms of home closings and revenues.

- EPA conducted inspections and gathered information for Centex Homes construction sites located throughout the country.

- The types and severity of alleged violations vary for each site but generally include:

    - discharge of polluted storm water to storm sewers or waterways without obtaining an NPDES permit;
    - failure to develop an adequate Storm Water Pollution Prevention Plan (SWPPP) for minimizing the amount of sediment and other pollutants in storm water runoff from the sites;
    - failure to install or implement appropriate storm water controls or best management practices (BMPs) required by the SWPPP (for example: silt fences were not installed in all required areas; BMPs to prevent sediment from entering storm drains were not installed; no BMPs were installed at construction entrances to prevent offsite trackout of dirt; concrete washout basins were not installed to prevent concrete from flowing into storm drains; portable toilets were located directly on top of storm drain inlets without BMPs to prevent spills from entering the storm drain);
    - incorrect installation of BMPs (for example: silt fences were not properly trenched in; sediment ponds were not completed prior to commencing site grading);
    - failure to keep BMPs in effective operating condition (for example: silt fences and storm drain inlet protections were full of sediment and no longer effective; silt fences had fallen down or had holes; construction entrances needed additional rock);
    - failure to adequately or routinely inspect BMPs to ensure proper operation and maintenance.
- Centex Homes has agreed to a settlement with the United States and the States of Maryland, Tennessee, Missouri, Colorado, Utah and Nevada, and the Commonwealth of Virginia to resolve these alleged violations.

- Under this settlement, Centex Homes will pay a penalty of $1.485 million and implement a management and reporting system designed to provide increased oversight of on-the-ground operations and ensure greater compliance with the storm water requirements. Specific measures include:

  - establishment of three management tiers that will be responsible for storm water compliance within the company, including the designation of trained, qualified staff at every construction site;
  - a requirement to follow specified criteria for guidance in developing site-specific SWPPPs for every site;
  - a requirement to conduct pre-construction inspections and quarterly oversight inspections and reviews at all sites in addition to the routine inspections required by NPDES permits;
  - a requirement to use EPA-approved forms for pre-construction inspections, routine inspections, and quarterly inspections and reviews; and,
  - a requirement to implement storm water training programs for storm water managers and builder employees, and storm water orientation programs for storm water consultants and contractors.

- The State co-plaintiffs will receive a portion of the penalty based on the number of Centex Homes sites within each State. The states will receive the following amounts:

  - Virginia: $83,000
  - Maryland: $30,000
  - Tennessee: $14,000
  - Missouri $19,000
  - Colorado: $21,000
  - Utah: $ 2,000
  - Nevada: $32,000

Environmental Harm and Public Health Impacts Associated with Storm Water Runoff

- Discharges of storm water runoff can have a significant impact on water quality. Several studies reveal that storm water runoff from urban areas can include a variety of pollutants, such as sediment, bacteria, organic nutrients, hydrocarbons, metals, oil and grease. These pollutants can harm the environment and public health.

Environmental Harm Associated with Storm Water Runoff from Construction Sites

- The discharge of storm water runoff from construction activities (e.g., land development, road construction) can have significant impact on rivers, lakes, and wetlands. Construction alters natural landscapes. During construction, earth is compacted, excavated and displaced, and vegetation is removed. These activities increase runoff and erosion, thus increasing sediment transported to receiving waters. In addition to sediment, as storm water flows over a construction site, it can pick up other pollutants like debris, pesticides,

petroleum products, chemicals, solvents, asphalts and acids which may also contribute to water quality problems

- Although erosion and sedimentation are natural processes, when land is disturbed by construction activities, surface erosion can increase up to 200 times on sites formerly under pasture, and up to 2,000 times on sites formerly forested. Agriculture processes produce the largest sediment loads, however, construction results in the most concentrated form of erosion - the rate of erosion from construction sites can exceed that from agricultural land by 10 to 20 times.

- Sediment-laden runoff results in increased turbidity and decreased oxygen in a stream, which in turn results in loss of in-stream habitat for fish and other aquatic species.

- Sediment-laden runoff can kill fish directly, destroy spawning beds, and suffocate fish eggs and bottom dwelling organisms.

- Sediment-laden runoff can increase difficulty in filtering drinking water, resulting in higher treatment costs, and can result in the loss of drinking water reservoir storage capacity and decrease the navigational capacity of waterways.

- Sediment-laden runoff blocks light and reduces growth of beneficial aquatic grasses.

- Many of the steps to control storm water runoff are simple and not costly, including:
  - planning construction projects to reduce the amount of time soil is left exposed;
  - installing relatively simple and low cost sediment and erosion control devices such as silt fences.

The following EPA documents were used in developing this information sheet:

- *Economic Analysis of the Final Phase II Storm Water Rule*, Final Report (U.S. EPA, Oct. 1999)
- *Environmental Assessment for Proposed Effluent Guidelines and Standards for the Construction and Development Category* (U.S. EPA, June 2002)
- *Report to Congress on the Phase I Storm Water Regulations* (U.S. EPA, Feb. 2000)
- *Report to Congress on the Phase II Storm Water Regulations* (U.S. EPA, Oct. 1999)
- *National Pollutant Discharge Elimination System - Regulations for Revision of the Water Pollution Control Program Addressing Storm Water Discharges; Final Rule* (U.S. EPA, Dec. 1999)
- *Environmental Impacts of Storm Water Discharges: A National Profile* (U.S. EPA, 1992)
- *National Water Quality Inventory: 2000 Report* (U.S. EPA, Aug. 2002)
- *National Water Quality Inventory: 1998 Report to Congress* (U.S. EPA, June 2000)
- *National Water Quality Inventory: 1996 Report to Congress* (U.S. EPA, 1998)