

BEFORE THE
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

In the Matter of:

GUNDIES, INC.

Bellingham, Washington

Respondent.

DOCKET NO. CWA-10-2026-0232

CONSENT AGREEMENT

Proceedings Under Section 309(g) of the Clean
Water Act, 33 U.S.C. § 1319(g)

I. STATUTORY AUTHORITY

1.1. This Consent Agreement is entered into under the authority vested in the Administrator of the U.S. Environmental Protection Agency (EPA) by Section 309(g) of the Clean Water Act (CWA), 33 U.S.C. § 1319(g).

1.2. Pursuant to CWA Section 309(g)(1)(A), 33 U.S.C. § 1319(g)(1)(A), the EPA is authorized to assess a civil penalty against any person that has violated CWA Section 301, 33 U.S.C. § 1311, and/or any permit condition or limitation in a permit issued under CWA Section 402, 33 U.S.C. § 1342.

1.3. CWA Section 309(g)(2)(A), 33 U.S.C. § 1319(g)(2)(A), authorizes the administrative assessment of Class I civil penalties in an amount not to exceed \$10,000 per day for each day during which the violation continues, up to a maximum penalty of \$25,000. Pursuant to 40 C.F.R. Part 19, the administrative assessment of Class I civil penalties may not exceed \$27,378 per day for each day during which the violation continues, up to a maximum penalty of \$68,445. *See also* 90 Fed. Reg. 1375 (January 8, 2025) (2025 Civil Monetary Penalty Inflation Adjustment Rule).

1.4. Pursuant to CWA Section 309(g)(1)(A) and (g)(2)(A), 33 U.S.C. § 1319(g)(1)(A) and (g)(2)(A), and in accordance with Section 22.18 of the “Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties,” 40 C.F.R. Part 22, the EPA issues,

and GUNDIES, INC. (Respondent) agrees to issuance of, the Final Order attached to this Consent Agreement.

II. PRELIMINARY STATEMENT

2.1. In accordance with 40 C.F.R. §§ 22.13(b) and 22.18(b), execution of this Consent Agreement commences this proceeding, which will conclude when the Final Order becomes effective.

2.2. The Administrator has delegated the authority to sign consent agreements between the EPA and the party against whom a penalty is proposed to be assessed pursuant to CWA Section 309(g), 33 U.S.C. § 1319(g), to the Regional Administrator of the EPA Region 10, who has redelegated this authority to the Director of the Enforcement and Compliance Assurance Division, EPA Region 10 (Complainant).

2.3. Part III of this Consent Agreement contains a concise statement of the factual and legal basis for the alleged violations of the CWA, together with the specific provisions of the CWA and implementing regulations that Respondent is alleged to have violated.

III. ALLEGATIONS

Statutory and Regulatory Framework

3.1. As provided in CWA Section 101(a), 33 U.S.C. § 1251(a), the objective of the CWA is “to restore and maintain the chemical, physical, and biological integrity of the Nation’s waters.”

3.2. CWA Section 301(a), 33 U.S.C. § 1311(a), prohibits the discharge of pollutants by any person from any point source into waters of the United States except, *inter alia*, as authorized by a National Pollutant Discharge Elimination System (NPDES) permit issued pursuant to CWA Section 402, 33 U.S.C. § 1342.

3.3. Section 502(12) of the CWA, 33 U.S.C. § 1362(12) defines “discharge of a pollutant” to include “any addition of any pollutant to navigable waters from any point source.”

3.4 Section 502(6) of the CWA, 33 U.S.C. § 1362(6), defines “pollutant” to include, *inter alia*, chemical wastes, biological materials, rock, sand and industrial wastes.

3.5. Section 502(5) of the CWA, 33 U.S.C. § 1362(5), defines “person” as “an individual, corporation, partnership, association, State, municipality, commission, or political subdivision of a State or any interstate body.”

3.6. Section 502(14) of the CWA, 33 U.S.C. § 1362(14), defines “point source” to include “any discernible, confined and discrete conveyance, including but not limited to any pipe, ditch, channel, tunnel, conduit... from which pollutants are or may be discharged.”

3.7. Section 502(7) of the CWA, 33 U.S.C. § 1362(7), defines navigable waters as “waters of the United States.”

3.8. Section 402(p) of the CWA, 33 U.S.C. § 1342(p), requires an NPDES permit for any stormwater discharge “associated with industrial activity.”

3.9. The phrase “stormwater associated with industrial activity” is broadly defined to mean the discharge from any conveyance that is used for collecting and conveying storm water at an industrial plant. 40 C.F.R. § 122.26(b)(14). Facilities involved in the recycling of materials, including facilities classified under Standard Industrial Classification (SIC) group 5015, used motor vehicle parts, are defined as engaging in industrial activity. 40 C.F.R. § 122.26(b)(14)(vi).

3.10. 40 C.F.R. §§ 122.21(a), 122.26(c), 122.28, and 123.25 require that any person who discharges or proposes to discharge stormwater associated with industrial activity must apply for an individual permit or seek coverage under a stormwater general permit.

3.11. The State of Washington, through the Washington Department of Ecology (Ecology), is authorized pursuant to CWA Section 402(b), 33 U.S.C. § 1342(b), to administer the NPDES permitting program for stormwater discharges associated with industrial activity.

Ecology issued the Industrial Stormwater General Permit for discharges of stormwater associated

with industrial activity on November 20, 2019 (ISGP). The ISGP became effective on January 1, 2020, and expired on December 31, 2024. Ecology subsequently issued a new Industrial Stormwater General Permit, which became effective January 1, 2025, and is set to expire December 31, 2029.

3.12. The ISGP applies to facilities conducting industrial activities in Washington that discharge stormwater to a surface waterbody or to a storm sewer system that drains to a surface waterbody.

3.13. Pursuant to Section 402(i) of the CWA, 33 U.S.C. § 1342(i), if a state NPDES program is approved pursuant to Section 402(b) of the CWA, 33 U.S.C. § 1342(b), the EPA retains the authority to take enforcement action under Section 309 of the CWA, 33 U.S.C. § 1319.

3.14. Section 309(g)(1) of the CWA, 33 U.S.C. § 1319(g)(1), authorizes EPA to assess administrative penalties against any person who violates Section 301 of the CWA, 33 U.S.C. § 1311, or any condition or limitation in a permit issued under Section 402 of the CWA, 33 U.S.C. § 1342.

General Allegations

3.15. Respondent is a corporation organized under the laws of the State of Washington and a “person” under CWA Section 502(5), 33 U.S.C. § 1362(5).

3.16. At all times relevant to this action Respondent operated an automotive recycling facility, located at 3940 E Sunset Drive in Bellingham, Washington (Facility). The primary operations at the Facility include recycling of automotive parts; these operations are categorized under Standard Industrial Classification Code 5015 (motor vehicle parts, used).

3.17. The Facility discharges stormwater from two discharge points, ML001 and ML002, into Bellingham’s stormwater ditch, which flows to Toad Creek, which flows to Squalicum Creek, which empties into Bellingham Bay.

3.18. The Facility’s stormwater discharges contain “pollutants” within the meaning of Section 502(6) of the CWA, 33 U.S.C. § 1362(6).

3.19. Each of the Facility’s two discharge points, ML001 and ML002, is a “point source” as defined in Section 502(14) of the CWA, 33 U.S.C. § 1362(14).

3.20. The City of Bellingham’s stormwater system flows to Toad Creek, which is a perennial tributary of Squalicum Creek, which empties into Bellingham Bay in the Salish Sea. Toad Creek is a “navigable water” under Section 502(7) of the CWA, 33 U.S.C. § 1362(7).

3.21. Respondent discharged stormwater associated with industrial activity from the Facility into waters of the United States, within the meaning of Sections 402(p) and 502(7) of the CWA, 33 U.S.C. §§ 1342(p) and 1362(7), and as defined at 40 C.F.R. § 122.26(b)(14).

3.22. By discharging industrial stormwater from the Facility into waters of the United States, Respondent engaged in the “discharge of pollutants” from point sources within the meaning of CWA Sections 301(a) and 502(12), 33 U.S.C. §§ 1311(a) and 1362(12).

3.23. Respondent was authorized to discharge stormwater under the terms of the 2020 ISGP between January 1, 2020, and December 31, 2024; Respondent has been authorized to discharge stormwater under the terms of the renewed ISGP since it became effective on January 1, 2025.

3.24. On November 28, 2023, the EPA sent Respondent a CWA Information Request (Information Request). Respondent submitted its response to the EPA’s CWA information request on March 1, 2024.

3.25. On April 26, 2023, the EPA performed a limited scope off-Facility evaluation and documented observations of stormwater discharges from the Facility to the City of Bellingham's stormwater system.

Violations

3.26. As described below, based on a review of Respondent's records and the EPA's observations on April 26, 2023, the EPA alleges that between August of 2021 to at least December of 2024, Respondent violation CWA Section 301, 33 U.S.C. § 1311 and the conditions and/or limitations of the ISGP. Violations of the ISGP are enforceable under Section 309(g) of the CWA, 33 U.S.C. § 1319(g).

Violation 1 – Failure to Identify All Discharge Points

3.27. Paragraphs 3.1 through 3.26 are realleged and incorporated herein by reference.

3.28. Condition S2.A.1 of the ISGP requires permittees to submit a complete and accurate permit application/Notice of Intent (NOI) to Ecology. Condition S3.B.5 of the ISGP requires the Facility's sampling plan to identify all points of discharge to surface water and storm sewers.

3.29. On April 26, 2023, the EPA's Inspector observed that the Facility was discharging stormwater from the front lot into a ditch within the City of Bellingham's MS4 along East Sunset Drive, which then flowed to Toad Creek. The discharge observed by EPA's inspector bypassed the ML002 discharge point that is monitored. Respondent failed to identify this discharge point in the Facility's NOI and the Facility's sampling plan, in violation of the ISGP.

Violation 2 – Failure to Maintain an Adequate Stormwater Pollution Prevention Plan (SWPPP)

3.30. Paragraphs 3.1 through 3.26 are realleged and incorporated herein by reference.

3.31. Condition S3.B of the ISGP requires the SWPPP to contain specific elements, including a site map, training log, visual inspection follow up procedures, adequate certification form, identification of the pollution prevention team members, adequate Spill Prevention and Emergency Cleanup Plan (SPECPlan) and documentation demonstrating outfalls are substantially similar.

3.32. The Facility's SWPPP failed to include all required elements in violation of the ISGP.

Violation 3 – Failure to Implement BMPs

3.33. Paragraphs 3.1 through 3.26 are realleged and incorporated herein by reference.

3.34. Condition S3.B.4.b. of the ISGP requires the permittee to implement good housekeeping BMPs, which include vacuuming paved surfaces with a vacuum sweeper to remove accumulated pollutants a minimum of once per quarter

3.35. Respondent failed to vacuum in quarter 2 of 2022 and quarter 1 and 2 of 2023, in violation of the ISGP.

Violation 4 – Failure to Adequately Perform and Document Visual Inspections

3.36. Paragraphs 3.1 through 3.26 are realleged and incorporated herein by reference.

3.37. Conditions S7.B and S7.C of the ISGP require monthly visual inspection to include, among other things, observations of discharge points, and to document certain information in inspection reports, including the time of inspection and the name and title of the person performing the inspection.

3.38. Respondent failed to adequately perform and document monthly visual inspections in nine monthly reports between November of 2021 and October of 2023, in violation of the ISGP.

Violation 5 – Failure to Perform Sampling

3.39. Paragraphs 3.1 through 3.26 are realleged and incorporated herein by reference.

3.40. Conditions S5.A, S5.B, and S6 of the ISGP require the permittee to sample discharges quarterly for turbidity, oil and grease, pH, copper, zinc, mercury, lead, and petroleum hydrocarbons.

3.41. Respondent failed to sample its discharges during quarter 4 of 2023 and quarter 2 of 2024, in violation of the ISGP.

Violation 6 – Failure to Timely Submit Discharge Monitoring Reports

3.42. Paragraphs 3.1 through 3.26 are realleged and incorporated herein by reference.

3.43. Condition S9.B.2 ISGP requires quarterly Discharge Monitoring Reports (DMRs) to be submitted by certain deadlines.

3.44. Respondent failed to submit the quarterly DMRs by the ISGP deadlines for quarter 4 of 2021, quarter 1 of 2023, and quarter 3 of 2024, in violation of the ISGP.

Violation 7 – Failure to Adequately Document Sampling Records

3.45. Paragraphs 3.1 through 3.26 are realleged and incorporated herein by reference.

3.46. Conditions S4.B.4. and S9.D.1 of the ISGP require the permittee to record certain information about samples, including sample location using the SWPPP identifying number, and retain sample and laboratory documentation.

3.47. Respondent failed to record required sampling documentation for sampling events in May 16, 2022, and December 27, 2022, in violation of the ISGP.

IV. TERMS OF SETTLEMENT

4.1. Respondent admits the jurisdictional allegations contained in this Consent Agreement.

4.2. Respondent neither admits nor denies the specific factual allegations contained in this Consent Agreement.

4.3. As required by CWA Section 309(g)(3), 33 U.S.C. § 1319(g)(3), the EPA has taken into account “the nature, circumstances, extent and gravity of the violation, or violations, and, with respect to the violator, ability to pay, any prior history of such violations, the degree of culpability, economic benefit or savings (if any) resulting from the violation, and such other matters as justice may require.” After considering all of these factors as they apply to this case, the EPA has determined that an appropriate penalty to settle this action is \$60,013 (Assessed Penalty).

4.4. Respondent consents to the assessment of the Assessed Penalty set forth in Paragraph 4.3 and agrees to pay the total Assessed Penalty within 30 days after the date of the Final Order ratifying this Agreement is filed with the Regional Hearing Clerk (Filing Date).

4.5. Respondent shall pay the Assessed Penalty and any interest, fees, and other charges due using any method, or combination of appropriate methods, as provided on the EPA How to Make a Payment website: <https://www.epa.gov/financial/makepayment>. For additional instructions see: <https://www.epa.gov/financial/additional-instructions-making-payments-epa>.

4.6. When making a payment, Respondent shall:

4.6.1. Identify every payment with Respondent’s name and the docket number of this Agreement, CWA-10-2026-0232.

4.6.2. Concurrently with any payment or within 24 hours of any payment, Respondent shall serve proof of payment electronically to the following persons:

Regional Hearing Clerk
U.S. Environmental Protection Agency, Region 10
R10_RHC@epa.gov

Stacey Kim
U.S. Environmental Protection Agency, Region 10
kim.stacey@epa.gov

and

U.S. Environmental Protection Agency
Cincinnati Finance Center
CINWD_AcctsReceivable@epa.gov

“Proof of payment” means, as applicable, confirmation of credit card or debit card payment, or confirmation of wire or automated clearinghouse transfer, and any other information required to demonstrate that payment has been made according to the EPA requirements, in the amount due, and identified with the appropriate docket number and Respondent’s name.

4.7. Interest, Charges, and Penalties on Late Payments. Pursuant to 33 U.S.C. § 1319(g)(9), 31 U.S.C. § 3717, 31 C.F.R. § 901.9, and 40 C.F.R. § 13.11, if Respondent fails to timely pay any portion of the Assessed Penalty, interest, or other charges and penalties per this Agreement, the entire unpaid balance of the Assessed Penalty and all accrued interest shall become immediately due and owing, and the EPA is authorized to recover the following amounts.

4.8. Interest. Interest begins to accrue from the Filing Date. If the Assessed Penalty is paid in full within thirty (30) days, interest accrued is waived. If the Assessed Penalty is not paid in full within thirty (30) days, interest will continue to accrue until the unpaid portion of the Assessed Penalty as well as any interest, penalties, and other charges are paid in full. Interest will be assessed at prevailing rates, per 33 U.S.C. § 1319(g)(9). The rate of interest is the IRS standard underpayment rate.

4.8.1. Handling Charges. The United States’ enforcement expenses including, but not limited to, attorneys’ fees and costs of collection proceedings.

4.8.2. Late Payment Penalty. A twenty percent (20%) quarterly non-payment penalty.

4.9. Late Penalty Actions. In addition to the amounts described in the prior Paragraph, if Respondent fails to timely pay any portion of the Assessed Penalty, interest, or other charges and penalties per this Consent Agreement, the EPA may take additional actions. Such actions the EPA may take include, but are not limited to, the following.

4.9.1. Refer the debt to a credit reporting agency or a collection agency, per 40 C.F.R. §§ 13.13 and 13.14.

4.9.2. Collect the debt by administrative offset (i.e., the withholding of money payable by the United States government to, or held by the United States government for, a person to satisfy the debt the person owes the United States government), which includes, but is not limited to, referral to the Internal Revenue Service for offset against income tax refunds, per 40 C.F.R. Part 13, Subparts C and H.

4.9.3. Suspend or revoke Respondent's licenses or other privileges, or suspend or disqualify Respondent from doing business with the EPA or engaging in programs the EPA sponsors or funds, per 40 C.F.R. § 13.17.

4.9.4. Request that the Attorney General bring a civil action in the appropriate district court to recover the full remaining balance of the Assessed Penalty, in addition to interest and the amounts described above, pursuant to 33 U.S.C. § 1319(g)(9). In any such action, the validity, amount, and appropriateness of the Assessed Penalty shall not be subject to review.

4.10. Allocation of Payments. Pursuant to 31 C.F.R. § 901.9(f) and 40 C.F.R. § 13.11(d), a partial payment of debt will be applied first to outstanding handling charges, second to late penalty charges, third to accrued interest, and last to the principal that is the outstanding Assessed Penalty amount.

4.11. Tax Treatment of Penalties. Penalties, interest, and other charges paid pursuant to this Agreement shall not be deductible for purposes of federal taxes.

4.12. Pursuant to 26 U.S.C. § 6050X and 26 C.F.R. § 1.6050X-1, the EPA is required to annually send to the Internal Revenue Service (IRS) a completed IRS Form 1098-F (“Fines, Penalties, and Other Amounts”) with respect to any court order or settlement agreement (including administrative settlements) that require a payor to pay an aggregate amount that the EPA reasonably believes will be equal to, or in excess of, \$50,000 for the payor’s violation of any law or the investigation or inquiry into the payor’s potential violation of any law, including amounts paid for “restitution or remediation of property” or to come “into compliance with the law.” The EPA is further required to furnish a written statement, which provides the same information provided to the IRS, to each payor (i.e., a copy of IRS Form 1098-F). Respondent’s failure to comply with providing IRS Form W-9 or Tax Identification Number (TIN), as described below, may subject Respondent to a penalty, per 26 U.S.C. § 6723, 26 U.S.C. § 6724(d)(3), and 26 C.F.R. § 301.6723-1. To provide the EPA with sufficient information to enable it to fulfill these obligations, Respondent shall complete the following actions as applicable.

4.12.1. Respondent shall complete an IRS Form W-9 (“Request for Taxpayer Identification Number and Certification”), which is available at <https://www.irs.gov/pub/irs-pdf/fw9.pdf>.

4.12.2. Respondent shall therein certify that its completed IRS Form W-9 includes Respondent’s correct TIN or that Respondent has applied and is waiting for issuance of a TIN.

4.12.3. Respondent shall email its completed Form W-9 to the EPA’s Cincinnati Finance Division at henderson.jessica@epa.gov within 30 days after the Filing Date of this Order per Paragraph 4.4 or within 7 days should the Order become effective between December 15 and December 31 of the calendar year. The EPA recommends encrypting IRS Form W-9 email correspondence.

4.12.4. In the event that Respondent has certified in its completed IRS Form W-9 that it does not yet have a TIN but has applied for a TIN, Respondent shall provide the EPA's Cincinnati Finance Division with Respondent's TIN, via email, within five (5) days of Respondent's receipt of a TIN issued by the IRS.

4.13. The undersigned representative of Respondent certifies that he or she is authorized to enter into the terms and conditions of this Consent Agreement and to bind Respondent to this document.

4.14. The undersigned representative of Respondent also certifies that, as of the date of Respondent's signature of this Consent Agreement, Respondent has corrected the violations alleged in Part III above.

4.15. Except as described in Subparagraph 4.7.2, above, each party shall bear its own fees and costs in bringing or defending this action.

4.16. For the purposes of this proceeding, Respondent expressly waives any affirmative defenses and the right to contest the allegations contained in the Consent Agreement and to appeal the Final Order. By signing this Consent Agreement, Respondent waives any rights or defenses that Respondent has or may have for this matter to be resolved in federal court, including but not limited to any right to a jury trial, and waives any right to challenge the lawfulness of the final order accompanying the Consent Agreement.

4.17. The provisions of this Consent Agreement and the Final Order shall bind Respondent and its agents, servants, employees, successors, and assigns.

4.18. The above provisions are STIPULATED AND AGREED upon by Respondent and the EPA Region 10.

DATED:

FOR RESPONDENT:

Pete Gunderson, President
GUNDIES, INC.

FOR COMPLAINANT:

for Edward J. Kowalski
Director
Enforcement and Compliance Assurance Division
EPA Region 10