N.C. ENVIRONMENTAL MANAGEMENT COMMISSION QUARTERLY REPORT TO THE ENVIRONMENTAL REVIEW COMMISSION

Covering the period October 1, 2009 to December 31, 2009

This quarterly report is submitted to the Environmental Review Commission on the EMC operations, activities, programs, and progress pursuant to the requirements of G.S. 143B-282(b). This report is for the months of October 1, 2009 to December 31, 2009 and provides information on the actions of the EMC.

I: Nutrient Control Strategies Sections 2, 3 and 4 of Session Law 2005-190 (as amended by SL 2006-259 and SL 2009-486)

Falls Lake - Section 2. (b) of Session Law 2005-190

The EMC is required to report its progress in assessing and identifying nutrient control strategies and criteria necessary to prevent excess nutrient loading in the Falls Lake water supply reservoir. The following is an update on the progress.

On November 19, 2009, in accordance with G.S. 143-215.1(c5), the EMC approved the Falls Lake calibrated nutrient response model for use by the Division of Water Quality (DWQ).

DWQ held an 8th stakeholder meeting on August 20, 2009 to continue the discussion of nutrient management strategy concepts with stakeholders and review the new timeline and other requirements for Falls Lake passed by the 2009 General Assembly. The 2009 regular session produced SB1020, a bill devoted to water quality improvements in Falls Lake. This bill revised the EMC adoption deadline for a Falls Lake strategy to January 15, 2011 and added certain requirements aimed at water quality improvement in the watershed. The bill was ratified and presented for the Governor's signature Aug. 11, 2009.

In September 2009 the Falls Lake Stakeholder group broke into four smaller subcommittee groups to continue work on detailed rule concepts and draft language for the different sources of nutrients to the lake. The subcommittees met a combined total of twelve times between September 17th and December 7th, 2009 to discuss detailed nutrient reduction rule ideas by source type and provide input on the fiscal impacts of the strategy. In late November and early December draft rules addressing new development stormwater, existing development, agriculture, and point sources were provided to stakeholders for their review and to submit comments to DWQ by December 29th. DWQ plans to reconvene the full stakeholder group on January 21st to review revised drafts of

the rules before taking the package to the Environmental Management Commission for approval to go out to public comment in March 2010.

Staff provided an update on the rule development process to the EMC at their November 19, 2009 meeting and will provide a second update at their next meeting on January 14, 2010.

The present schedule for EMC action is as follows:

- January 14, 2010 EMC meeting staff reports to the EMC with update on process.
- March 2010 EMC meeting- draft rule package to EMC
- Spring / Summer 2010 public comment period, public hearings, hearing officer meetings and draft report.
- September 2010 EMC meeting hearing officer report and recommendation to EMC.

Jordan Reservoir - Section 4 of Session Law 2005-190

The EMC is required to report its progress in developing and implementing nutrient management strategies for the B. Everett Jordan Reservoir. The following is an update on that progress.

The Jordan rules were approved and adopted by the EMC and RRC in 2008. They were then reviewed by the 2009 General Assembly. Eight of the rules were approved, and the other five rules were revised or replaced by two session laws. All of the rules were effective by August 11, 2009.

The DWQ is implementing the initial requirements of the Jordan rules and performing outreach activities. The EMC approved a model local buffer ordinance in September 2009, which was distributed to local governments. Two outreach meetings were held in October 2009 geared towards local governments. A new website was put on-line: http://www.jordanlake.org/home. DWQ developed and distributed a guidance document to assist local governments in developing Stage 1 existing development programs, which were required to be submitted to the Division by the end of 2009. Contractors are developing a new accounting method and a model ordinance for the stormwater rule. DWQ began administering the buffer rules in August 2009 for certain activities. The Division Director formed a Watershed Oversight Committee, which was required by the Jordan agriculture rule. The Committee will have its first meeting in late January or early February.

II: EMC Rulemaking Actions

- Approved the Hearing Officer's Report on Amendments to Underground Storage Tank Secondary Containment to allow electronic liquid detecting sensor monitoring as a method of monitoring the interstitial space of a double-walled UST.
- Approved the request to proceed to Public Hearing to Amend Municipal Waste Combustor Rules to reflect revised 40 CFR 60 and 62 Subparts that reduce permitted emissions and clarifies testing requirements; operator training and certification; and monitoring, recordkeeping, and reporting requirements.
- Approved the Hearing Officer's Report on Revisions to NOx Rules Applicability, Acrylonitrile AALs, Definition of Fugitive Dust, and Lead Ambient Standards to clarify and correct the nitrogen oxides (NOx) applicability rules, update the Acceptable Ambient Levels for Acrylonitrile, clarify the definition of fugitive dust, and update the ambient standard for lead.
- Approved the request to proceed to Public Hearing with Revisions to the State Wastewater Pretreatment Regulations.

III: Other EMC Actions

- Approved a Groundwater Variance for the City of Raleigh Public Utilities
 Department including terms agreed upon by the City, Neuse Riverkeepers and
 DWQ.
- Approved the request to Delegate Approval of Local Reclaimed Water Permitting Programs to the Division of Water Quality Director.
- Approved the Falls Lake Calibrated Nutrient Response Model.

January 15, 2010

Stephen T. Smith Chair N.C. Environmental Management Commission