

**Annual Report to the
North Carolina General Assembly**

Risk-Based Remediation Fund

(July 1, 2018 to June 30, 2019)

Division of Waste Management



**NORTH CAROLINA
DEPARTMENT OF ENVIRONMENTAL QUALITY**

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Executive Summary

This report to the Joint Legislative Commission on Agriculture, Natural and Economic Resources, Environmental Review Commission and Fiscal Research Division, is required on or before Oct. 1 of each year and includes the following required information:

1. The amounts and sources of funds collected by year to be paid into the Risk-Based Remediation Fund (Fund) established under G.S. 130A-310.76A. Fees received in fiscal year 2018-19 from applicants for risk-based remedies totaled \$23,000. There are two types of receipts:
 - a. An application fee used to pay for administrative and operating expenses necessary to implement the statutes governing risk-based environmental remediation of sites which totaled \$19,500; and
 - b. An oversight fee used to establish, administer and maintain a system for the tracking of land-use restrictions recorded at sites that are remediated pursuant to the statute. Oversight fees totaled \$3,500.
2. The number of acres of contamination for which funds have been received pursuant to the statute. Six sites, totaling seven acres of contamination contributed to the funding pursuant to the statute.
3. An accounting of how the funds collected have been used by the N.C. Department of Environmental Quality (DEQ) to advance the purposes of the statute. Expenditures totaled \$42,993.90, leaving the Fund with an end-of-fiscal-year balance of \$221,125.41. DEQ will continue to evaluate the need to support key technical staff to reduce projected total expenses, while allowing continued funding for ongoing outreach and training. Fund receipts and expenditures will be monitored closely to ensure the continued solvency of the Risk-Based Remediation.

During FY 2018-19, the Risk-Based Remediation Fund supported the update and improvement of the risk evaluation resources available to internal staff and the public. The DEQ Risk Calculator is routinely updated by a DEQ contractor whenever the EPA releases its new toxicological information and screening levels, typically twice per year. This year, the Risk Calculator and its companion user guide, developed by DEQ, were enhanced based on comments received since their public release two years ago.

The Fund also supported one-half of the salary for one technical staff member who contributes to the GIS mapping and database tools needed to efficiently track institutional controls on deeds, and to enhance public access to information about sites where risk-based remedies are applied.

Amounts and Sources of Funds Collected

The department's Risk-Based Remediation Fund, administered by DEQ's Division of Waste Management, was created in 2011 and its uses further modified in 2015 by the General Assembly. North Carolina General Statute 130A-310.76 requires that a person who undertakes remediation of environmental contamination with site-specific remediation levels, as provided in G.S. 130A-310.68, pay two fees to the Fund: application fee and oversight fee.

The application fee is required to pay for administrative and operating expenses to implement the statute, including the full cost of the department's activities associated with any human health or ecological risk assessments, groundwater modeling, financial assurance matters or community outreach. The application fee is not to exceed \$5,000 for each acre or portion of an acre of contamination, and it is not to exceed \$100,000 for a given site. The department takes the following factors into account when calculating a reduced application fee:

- The size of the site subject to a proposed remedial action plan;
- Whether groundwater contamination from the site has migrated, or is likely to migrate, to off-site properties;
- The complexity of the work to be conducted at a site;
- The resources that the department will need to evaluate and oversee the work at a site, particularly in those cases where the work is to be performed by a registered environmental consultant in accordance with the provisions of G.S. 130A-310.75; and
- The resources the department will need to monitor a site after completion of remediation.

The oversight fee is required under the October 2015 modified statute. It is used to establish, administer and maintain a system for tracking land-use restrictions recorded at sites that are remediated pursuant to the statute. This fee, set at \$500 per contaminated acre, is not subject to modification nor can exceed \$25,000 for a given site.

The number of sites, acreage addressed and fees collected since the Fund's inception in 2012 are summarized in Table 1 and Figure 1 below. The Fund has been non-interest-bearing since 2015.

Table 1. Risk-Based Remediation - Summary of Sites, Acreage, and Fees Collected

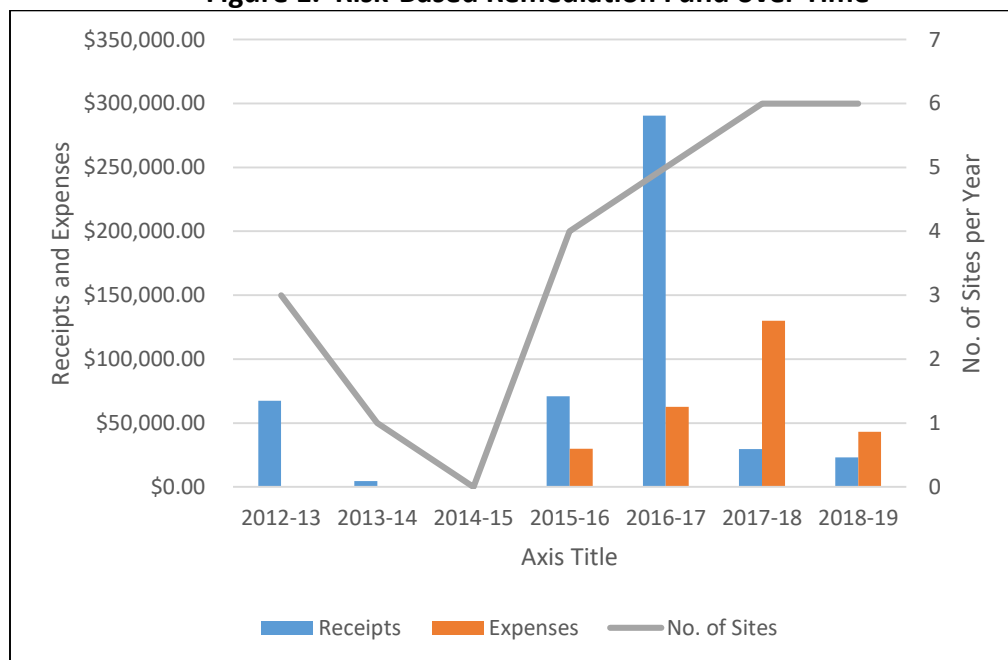
Fiscal Year	# Sites	Contaminated Acres	Application Fee	Oversight Fee ¹	Total Fees
2012-2013	3	15	\$67,500.00	NA	\$67,500.00
2013-2014	1	1	\$4,500.00	NA	\$4,500.00
2014-2015	0	0	\$0.00	NA	\$0.00
2015-2016	4	18	\$70,500.00	\$500.00	\$71,000.00
2016-2017	5	170	\$235,000.00	\$55,500.00	\$290,500.00
2017-2018	6	9	\$20,500.00	\$9,000.00	\$29,500.00*
2018-2019	6	7	\$19,500.00	\$3,500.00	\$23,000.00*
Pre-2015 Interest ²					\$543.87
Totals	19	213	\$398,000.00	\$65,000.00	\$463,543.87

¹ Oversight fees were not applicable (NA) until 2015.

² Interest on the Risk-Based Remediation fund accrued during FY 2012-2015 but reverted to the General Fund beginning FY 2015-16.

* Received \$6,500 on Dec. 6, 2017. Correction made and applied on Aug. 21, 2018.

Figure 1. Risk-Based Remediation Fund over Time



Fiscal Year 2018-19 Expenditures

The history of receipts and expenditures of the Fund are shown in Table 2 and Figure 1. In FY 2018-1, expenditures of \$13,497.30 were used for contractor update and enhancement of the department's online Risk Calculator, semiannual updates to the calculator, and training staff and the public in the calculator's use. The DEQ Risk Calculator is designed to (1) facilitate remediators' risk assessment calculations and documentation, and (2) reduce departmental staff review time. Since its release two years ago, the calculator has been used by DEQ staff and the public to assess sitewide risk. Based on department and public feedback, the calculator and a detailed user guide were enhanced this year.

Expenditures of \$29,496.60 were for partial salary of one technical staff member implementing GIS software that tracks restricted properties, annual certifications of owners' compliance with land-use restrictions, and continuing operation and maintenance of engineering controls. In the future, fees will also support DEQ's periodic inspections of properties with approved cleanup remedies to ensure the adherence of the risk-mitigation measures.

Table 2. Risk-Based Remediation Fund - Summary of Receipts and Expenditures

Fiscal Year	Receipts (from Table 1)	Expenses	Balance
2012-2013	\$67,500.00	\$0.00	\$67,500.00
2013-2014	\$4,500.00	\$0.00	\$72,000.00
2014-2015 ¹	\$543.87	\$0.00	\$72,543.87
2015-2016	\$71,000.00	\$29,718.00	\$113,825.87
2016-2017	\$290,500.00	\$62,654.23	\$341,671.64
2017-2018	\$29,500.00*	\$130,052.33	\$241,119.31
2018-2019	\$23,000.00*	\$42,993.90	\$221,125.41
Totals	\$486,543.87	\$265,418.46	\$221,125.41

¹ Interest on the Risk-Based Remediation fund of \$543.87 accrued during FY 2012-2015 but reverted to the General Fund beginning FY 2015-16.

* Received \$6,500 on Dec. 6, 2017. Correction made and applied on Aug. 21, 2018.

Anticipated Future Uses of the Application and Oversight Fee Receipts

Although the department does not anticipate significant further enhancements to the Risk Calculator, biannual updates using an outside contractor paid by the Fund will continue to be necessary. Departmental review requirements, particularly for risk-based remedies addressing contamination spanning multiple properties, often in residential or commercial areas not owned by the remediating party, can entail potential risks that are not easily predictable. Applicants' risk assessments and groundwater models will need to firmly demonstrate that contaminants left on the property will not migrate in the future to places where they will adversely impact human health or the environment. The department has increased the responsibility, technical training and compensation of several lead technical

staff in preparation for broader use of risk-based remedies. Therefore, a portion of the application fee receipts will be used for the ongoing training of the lead technical staff in each program reviewing risk-based remedy submittals.

The department needs to be prepared for situations where it will have to employ outside contractor support to facilitate the timely and comprehensive risk evaluation of large, complex sites. The need for such outside contractors is expected to be rare, but one large risk evaluation may significantly deplete the current Fund's total balance. An adequate, ongoing balance must be maintained in the Fund to meet this future need.

Upon approval of risk-based remedies, the department assumes the long-term oversight of permanent engineering and institutional controls needed to ensure that those remedies remain protective. Under its risk-based programs, NCDEQ requires annual certification by landowners that engineered barriers are being maintained, site-specific land use restrictions are being adhered to, and deed instruments remain in effect through the property's sale or subdivision. The department will continue to apply some of its available resources, including part of the oversight fee receipts going forward, to conduct periodic inspections of properties with approved cleanup remedies and completed brownfields agreements to ensure that imposed conditions are met.

Tracking adherence to the restrictions in a comprehensive department-wide database provides a crucial supplement to land-use restriction documents held in local government tax records. The department is developing an easy-to-use online GIS mapping tool for the public to view properties with institutional controls and their associated file records. This tool serves as a necessary and cost-effective way to notify communities and prospective purchasers of the environmental conditions, so they are protected from inadvertent exposure to contaminants. The Risk-Based Remediation Fund receipts will continue to support the information technology infrastructure needed to administer and maintain this GIS system and its supporting databases.

APPENDIX A

Appendix A. History of DEQ Sites Undergoing and Pursuing Risk-Based Remediation

DEQ Oversight Program	Site Name	Site Identification Number	City	County	Contaminated Acres	Risk-Based Remedy Approved	Deed Recordation Complete
FISCAL YEAR 2012-13							
HW	Schneider Electric	NCD067203752	Knightdale	Wake	1	X	X
REC	Holding Pond for Wastes/USS	NCD045920279	Navassa	Brunswick	13	X	X
HW	Daimler Truck	NCD018652339	Cleveland	Rowan	1	X	X
FISCAL YEAR 2015-16							
REC	Coffing Hoists	NONCD0001187	Wadesboro	Anson	2	X	X
HW	AB Carter	NCD003154010	Gastonia	Gaston	5	X	X
REC	MOEN – Sanford	NONCD0002090	Sanford	Lee	10	X	X
REC	Fontaine Fifth Wheel	NONCD0001730	Rocky Mount	Nash	1	X	X
FISCAL YEAR 2016-17							
REC	Reeves Bros. - Bailey Rd. Dump	NONCD0001201	Cornelius	Mecklenburg	18	X	X
HW	Former Georgia Pacific Hardwood Mill Facility	NCD980559967	Furfreesboro	Hertford	1	X	X
HW	DuPont Brevard	NCD003152339	Cedar Mountain	Transylvania	100	X	
HW	YRC, Inc.	NCD046362117	Kernersville	Forsyth	1	X	X
REC	Diamond Shamrock	NCD057454670	Castle Hayne	New Hanover	50		
FISCAL YEAR 2017-18							
REC	Emerson Leather	NONCD0001680	Hickory	Cawtaba	1		
REC	Parker Hannifin	NONCD0002268	Wilson	Wilson	1	X	X
REC	CMI Industries	NONCD0002987	Elkin	Surrey	1	X	X
REC	American Skin Food Group, LLC	NONCD0001996	Burgaw	Pender	2		
REC	Mount Hope Facility	NONCD0002101	Charlotte	Mecklenburg	2	X	X
REC	Former Piedmont-Hawthorne Aviation	NONCD0001140	Winston-Salem	Forsyth	2	X	

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DEQ Oversight Program	Site Name	Site Identification Number	City	County	Contaminated Acres	Risk-Based Remedy Approved	Deed Recordation Complete
FISCAL YEAR 2018-19							
REC	AMF/Hatteras Yachts	NCD045924065	New Bern	Craven	1	X	
HW	Former Burlington Industries	NCD060295417	Lexington	Davidson	1		
HW	International Paper	NCD072022726	Wilmington	New Hanover	1		
HW	Safety-Kleen Charlotte	NCD079060059	Charlotte	Mecklenburg	1		
REC	Parker Hannifin Corporation	NONCD0002267	Snow Hill	Greene	2	X	
REC	Conover Chair Company	NONCD0002304	Conover	Catawba	1		
Total:			23 Sites		219 Acres		

HW - Sites managed in the Hazardous Waste Section of DEQ

REC- Sites managed in the Registered Environmental Contultant Program within the Superfund Section of DEQ.