



ROY COOPER  
*Governor*

MICHAEL S. REGAN  
*Secretary*

MICHAEL SCOTT  
*Director*

September 14, 2017

To: Jim Bateson

From: David J. Lown

Subject: The Superfund Cost Share Fund  
Status July 31, 2012

Presently there is \$5,214,958 available for cleanup at fund-lead NPL sites in North Carolina. (See Table 1.) Of that total, \$3,373,065 is obligated to cleanup activities in progress, leaving \$1,841,893 for new and continuing cleanup activities. EPA has transferred four sites to our care. Three of these sites still have Superfund State Contracts (SSCs) in place. Removing the obligation from these three contracts will free \$1,032,986. As shown in Table 1, this plus a credit from the FCX Statesville overmatch, leaves a remaining balance of \$2,880,225.

In addition to the obligated amounts, Table 1 shows the projected costs to the fund that may occur in FY2018. We are presently negotiating with EPA for the GMH Electronics SSC. As shown in Table 1, the NC share of the costs is \$464,562. During FY2018 EPA may present us with SSCs and request money to be obligated to the cleanup of the Benfield Industries and the Cristex Drum sites. In addition, we have set aside \$250,000 a water supply O&M contract for the Ore Knob Mine.

In May 2014, we entered a contract with Environmental Field Management, Inc. for the operation and maintenance of the pump and treat system at the Cape Fear Wood Preserving site. Presently \$392,417 are obligated to continue this contract through April of 2019. Before April of 2019 we can extend this contract for an additional 2 years for about \$220,000 per year. In addition, we continue to work with EPA to find a long-term remedial solution for the site. If we find a long-term remedial option for the site, it may require a Superfund State contract. We will need to find 10% of the cost for this remedial action and additional money for decommissioning of the P&T.

As mentioned above, we are doing O&M groundwater sampling at four sites. The sites are: FCX Statesville, Cape Fear Wood, Davis Park Road, and Potter's Pits. The average annual O&M costs is \$10,000 per site. Table 2 shows the sites that EPA could transfer to us and the possible dates of transfer.

Based on present obligations and projects, Figure 1 shows the status of the fund and what could happen in the near term. Based on this projection, the fund could go negative sometime in 2020. Possible changes to this projection include: requests by EPA for new State-Superfund contracts, unexpected monitoring costs, additional costs for the Cape Fear pump-and-treat system, and release of funds previously obligated by Superfund State contracts.

### **The Fund Status**

**Fund Income:** As of July 31, 2017, the Fund has received General Assembly appropriations of \$9,992,498, earned \$5,482,970 in interest, and received \$1,222,256 from the cost recovery settlements at FCX Statesville site in Iredell County, the Carolina Transformer site in Cumberland County, the Holcomb Creosote Co. site in Yadkin County. This brings the total income for the fund to \$16,697,724. The General Assembly stopped interest payments to the fund effective October 2014. Previously interest was an important source of income to the fund. Its absence may result in a request for appropriations from the General Assembly.

**Fund Disbursements:** The Department, and to a lesser extent the General Assembly, have reduced the Fund by \$1,644,218. To date, \$8,938,520 has been disbursed to pay for NPL site cleanups. Additionally, \$11,545 has been disbursed to pay for priority inactive site cleanups. To date, \$888,484 has been used for O&M at NPL sites. The total amount disbursed from the Fund is \$9,838,548.

**Fund Encumbrances:** Superfund State contracts at thirteen NC NPL sites encumber \$2,980,648. EPA can remove encumbrances from some of these sites freeing the money for other uses.

**Present Fund Balance:** The present unencumbered balance and credits is \$1,847,239 (Table 1).

**Projected Fund Encumbrances:** For FY2018, preliminary cost estimates for possible new SSCs are shown in Table 1.

**Projected Operation and Maintenance (O&M):** For long term groundwater remedies at fund-lead sites, the EPA is only responsible of O&M costs for only the first 10 years. After that the state becomes responsible. Table 2 shows cost estimates for the state's share of O&M at the NPL sites. There are presently seven sites operating in the state (See Table 2.). In FY2018, the state will have control of the four of these. The estimated cost for O&M during FY2018 is \$260,000. The pump-and-treat contract for Cape Fear Wood accounts for most of this (\$220,000). \$40,000 is for groundwater monitoring at the four transferred sites shown in Table 2.

### **Attachments**

**TABLE 1**  
**Status of the Superfund 10% Cost-Share Fund**  
**(Fund Balance as Reported July 31, 2017)**

Appropriations, Interest and Other Income	<b>\$16,697,725</b>
Disbursements for NPL Sites Cost Share	(\$8,938,520)
Other Disbursements	(\$900,028)
Other Reductions	(\$1,644,218)
<b>Present Fund Balance</b>	<b>\$5,214,958</b>
Obligated Amount for NPL Site Cost Share	(\$2,980,648)
Cape Fear Wood Preserving O&M Contract Fayetteville, Cumberland County	(\$392,417)
<b>Remaining Balance after Obligations</b>	<b>\$1,841,893</b>
<b>Credits and Removal of Obligations</b>	
Credit from EPA for Overmatch (FCX Statesville 05/2012)	\$5,346
Credits from Removal of Obligations from NC O&M Sites (Cape Fear Wood, Davis Park Road, Potter's Pits)	\$1,032,986
<b>Remaining Balance after Credits</b>	<b>\$2,880,225</b>
<b>Projected and Additional NPL Obligations to the Cost Share</b> <b>(Expected Execution in FY18<sup>1</sup>)</b>	
Benfield Industries Waynesville, Haywood County	(\$130,000)
GMH Electronics Roxboro, Person County	(\$464,562)
Cristex Drum Site Oxford, Granville County	(\$879,823)
Annual O&M Costs FCX Statesville OU # 1 Statesville, Iredell County	(\$10,000)
Annual O&M Costs Cape Fear Wood, Cumberland County	(\$10,000)
Annual O&M Costs Davis Park Road PCE Gastonia, Gaston Co.	(\$10,000)
Annual O&M Costs Potter's Pitts Sandy Creek, Brunswick Co.	(\$10,000)
10 Year Water Supply O&M Contract Ore Knob Mine, Ashe County	(\$250,000)
<b>Total (Minimum Amount Needed)</b>	<b>(\$1,764,385)</b>
<b>Projected State Cost-Share</b>	<b>\$1,115,840</b>
<b>Remaining Unobligated Through FY2018</b>	

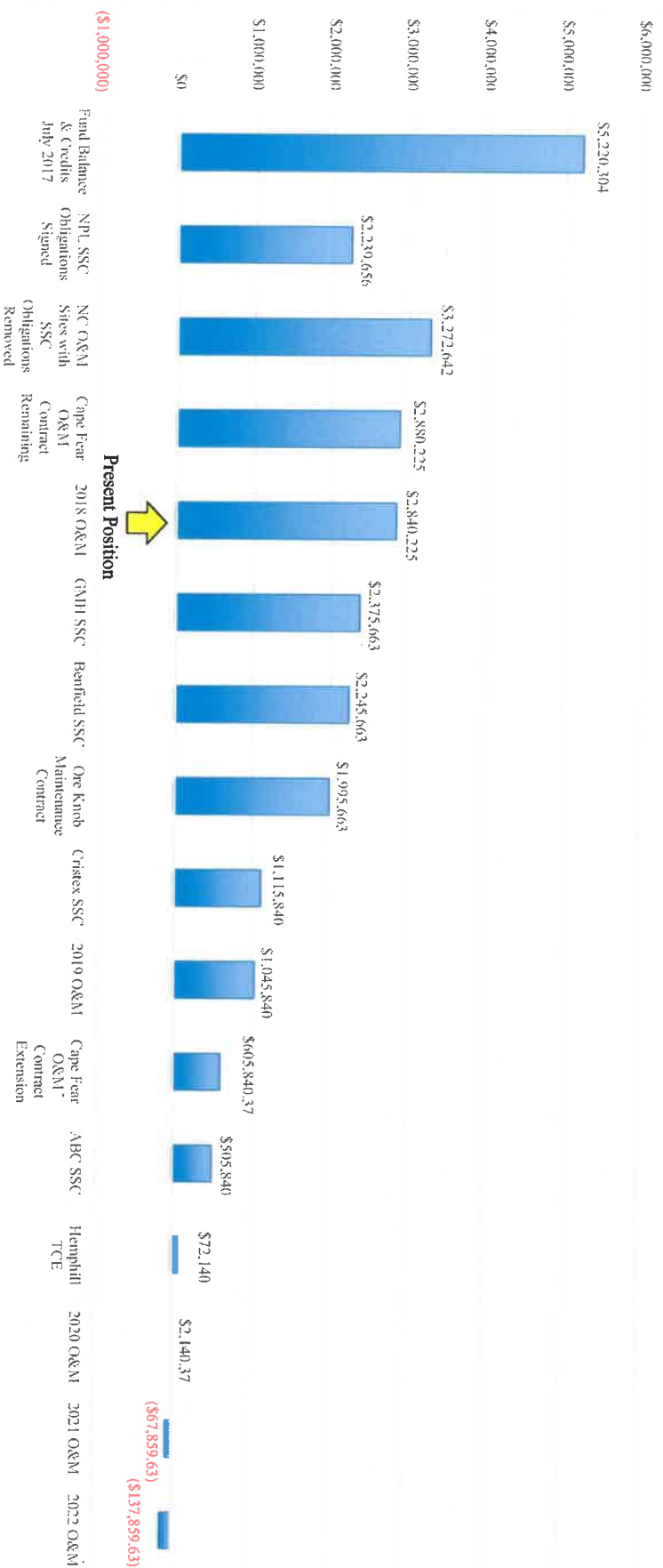
1 State fiscal year.

**TABLE 2**  
**July 31, 2017**  
**NPL Sites with Groundwater Remediation Systems**  
**Requiring State Long-Term Operation and Maintenance (O&M)**  
**(100% State-Funded upon Transfer)**

<b>Site Name</b>	<b>Remedy</b>	<b>O&amp;M Transfer Date</b>	<b>Estimated Annual O&amp;M Costs</b>	<b>Approximate Total Years of Operation</b>
FCX Statesville	GW: MNA	Transferred 9/30/2009	\$10,000	30
Cape Fear Wood	GW: P&T	Transferred 7/1/2012	\$220,000	30
Cape Fear Wood	GW: Monitoring	Transferred 7/1/2012	\$10,000	30
Davis Park Road TCE	GW: MNA	Transferred 3/31/2013	\$10,000	30
Potters Pits	GW: MNA	Transferred 9/27/2013	\$10,000	30-50
FCX Washington	GW: MNA	9/30/2018	\$10,000	30
Sigmon's Septic	GW: MNA	9/30/2020	\$10,000	30
Barber Orchard	GW: Monitoring	6/30/2022	\$10,000	30
Blue Ridge Plating	GW: MNA	2/15/2023	\$10,000	30
Ram Leather Care	GW: MNA	unknown	\$10,000	30
ABC 1-Hr Cleaners	TBD	unknown	\$10,000	30
Carolina Transformer	GW: MNA	unknown	\$10,000	30

Figure 1.

Available 10% Cost Share Funds  
Projections (07/31/2017)  
Does not include Cape Fear Wood Preserving or Ram Leather  
Superfund State Contracts (Unknowns)



TO: Joint Legislative Commission on Governmental Operations  
The Honorable Tim Moore, Speaker of the House of Representatives  
The Honorable Phil Berger, President Pro Tempore

Environmental Review Commission  
The Honorable Trudy Wade, Chair  
The Honorable Jimmy Dixon, Co-Chair  
The Honorable Chuck McGrady, Co-Chair  
The Honorable Pat McElraft, Vice Chair

FROM: Andy Miller  
Director of Legislative and Intergovernmental Affairs

RE: Report of Superfund Cost Share Fund Expenditures for North Carolina's Ten Percent  
Share for Cleanup of Sites on the National Priorities List – July 2017

Section 15.6.(a) of House Bill 168 (Session Law 1999-237) authorizes the Department of Environment and Natural Resources, with the approval of the Office of State Budget and Management, to use available funds for the 10 percent cost share required for Superfund cleanups on the National Priorities List sites.

Section 15.6.(b) directs DENR to report to the Environmental Review Commission and the Joint Legislative Commission on Governmental Operations as to “the amount and source of the funds used pursuant to subsection (a) of this section within 30 days of the expenditure of these funds.” The attached report provides this information.

If you have any questions, please contact Mr. David Lown, Head, Federal Remediation Branch, Superfund Section at (919) 707-8325.

Attachment

cc: Sheila Holman, Assistant Secretary for Environment  
Michael Scott, Director, Division of Waste Management  
?, Office of the Governor  
Timothy Dale, Fiscal Research Division

**Report to the  
Joint Legislative Commission on Governmental Operations**

**Expenditures from the  
Superfund Cost Share Fund  
For North Carolina's Ten Percent Share**

**July 2017**

**NORTH CAROLINA DEPARTMENT OF  
ENVIRONMENTAL QUALITY**

**Division of Waste Management  
Superfund Section**

**REPORT TO  
THE JOINT LEGISLATIVE COMMISSION ON  
GOVERNMENTAL OPERATIONS  
ON EXPENDITURES FROM THE  
SUPERFUND COST SHARE FUND  
FOR NORTH CAROLINA'S TEN PERCENT SHARE  
OF CLEANUPS FOR SITES ON THE  
NATIONAL PRIORITIES LIST**

North Carolina has 39 hazardous waste sites on the National Priorities List (NPL). Seventeen of the NPL sites are fund-financed, where no viable responsible parties have been identified. These sites are being cleaned up using a combination of federal and state public funds. The Hazardous Response Trust Fund (the federal Superfund) contributes 90 percent of the money for the remedial action and the state contributes the remaining 10 percent. The state is also obligated to conduct operation and maintenance (O&M) at NPL sites after EPA completes its remedial action.

The state's 10 percent contribution and O&M funding comes from the Superfund Cost Share Fund (SCSF). As of July 31, 2017, the fund had accumulated \$16,697,725 in appropriations, interest and other income. Of that total, \$11,919,168 has been encumbered or disbursed to pay for the state's share of the cleanup costs at the 14 NPL sites with signed Superfund State Contracts (SSCs). A total of \$392,417 remains encumbered by contract for the operation and maintenance of the Cape Fear Wood site pump-and-treat facility. Other disbursements and reductions, including past O&M costs at Cape Fear Wood and other O&M sites, have removed \$2,544,246 from the SCSF, leaving \$1,841,893 available for future cleanup actions and long-term O&M costs.

We are negotiating with Environmental Protection Agency (EPA) for an SSC for the GMH Electronics Site in Person County. EPA is proposing to spend \$4,645,617 for remedial action at the site. Our share of the costs is \$464,562. EPA is planning remedial actions at other sites, including Cape Fear Wood Preserving in Cumberland County, the Cristex Drum site in Granville County, and the Benfield Industries Site in Haywood County. We may be asked to obligate funding for these sites during the 2018 fiscal year; however, we are not negotiating SSCs for these sites at this time.

For Superfund-financed cleanups, CERCLA section 1040(c)(3) requires the state to pay for the long-term O&M of sites after they have been transferred to the state by EPA. The funds to perform O&M come from the SCSF. O&M for the following sites is being managed by North Carolina and paid for using the SCSF:

- 1) FCX Statesville in Iredell County,
- 2) Cape Fear Wood Preserving in Cumberland County,
- 3) Davis Park Road TCE in Gaston County, and
- 4) Potter's Septic Tank Service Pits in Brunswick County.

We have set aside \$250,000 from the fund to help residents at the Ore Knob Mine Site in Ashe County get clean water through a new waterline. The town of Jefferson needs the funds to assist the O&M of the waterline. EPA has obligated \$10 million to construct the waterline. When first approached by EPA, the town of Jefferson aldermen were unwilling to take ownership and operation of the waterline, owing to their concerns about



meeting O&M obligations during the years immediately following construction. Although Ashe County planning staff anticipate steady future growth in the western part of the county, the initially small number of connections will not provide sufficient billing revenue. Jefferson's municipal water system and its budget are modest, and the town's reluctance is understandable. Federal law prohibits EPA from either owning or funding O&M of waterlines it installs with federal funds at Superfund sites. The Superfund Section is working with the town of Jefferson to negotiate a contract to aid with the waterline O&M.

During the period since the previous report dated April 2016, \$242,518 has been paid to Environmental Field Management, Inc. for the operation of the pump-and-treat facility at the Cape Fear Wood Preserving site and \$182,842 has been used by North Carolina Superfund personnel for salaries and sampling activities at the O&M sites.

Table 1, Fund-Financed NPL sites, lists the 14 fund-financed sites for which state Superfund contracts have been signed. The table also shows all encumbrances and disbursements that have occurred due to the state's 10 percent cost share requirement. Note that some sites are divided into Operable Units (OU). This is common practice in the cleanup of NPL sites, because it makes designing and executing the cleanups more structured and easier to control.

Since the previous report, dated April 2016, one disbursement of \$216 was made to the EPA from the SCSF. The money was used for cleanup activities at the Benfield Industries Site in Haywood County. Other than the payments for O&M discussed above, these were the only disbursements from the SCSF since the previous report (April 2016).

TABLE 1  
FUND-FINANCED NPL SITES  
AMOUNTS ENCUMBERED AND DISBURSED  
(As of July 31, 2016)

	Dates	Estimated		Dates		Remaining
	SSC	Total Cost of	Cost to		Amounts	Amount
Site Name and Location	Signed	Remediation	State	Disbursed	Disbursed	Encumbered
ABC One Hour Cleaners	9/12/1996	\$3,760,000	\$376,000	11/20/1997	\$94,000	
Operable Unit # 1	7/16/2013	\$721,077	\$72,108	10/15/2001	\$26,964	
Jacksonville, Onslow Co.				3/31/2004	\$126,091	
				12/31/2006	\$40,336	
				1/31/2008	\$14,904	
				12/31/2008	\$18,574	
				3/31/2010	\$16,198	
				5/31/2011	\$23,929	
				3/31/2013	\$15,003	
				8/31/2014	\$29,307	
				8/31/2016	\$32,345	
<b>Site Totals</b>		<b>\$4,481,077</b>	<b>\$448,108</b>		<b>\$437,651</b>	<b>\$10,457</b>
ABC One Hour Cleaners	9/19/1997	\$750,000	\$75,000	11/20/1997	\$18,750	
Operable Unit # 2	9/1/2009	\$322,000	\$32,200	7/31/2003	\$3,803	
Jacksonville, Onslow Co.	7/16/2013	\$603,548	\$60,355	11/30/2003	\$5,133	
				10/31/2006	\$31,600	
				1/31/2008	\$7,163	
				12/31/2008	\$8,515	
				3/31/2010	\$16,235	
				5/31/2011	\$12,448	
				3/31/2013	\$3,552	
				8/31/2014	\$28,565	
				8/31/2016	\$12,508	
<b>Site Totals</b>		<b>\$1,675,548</b>	<b>\$167,555</b>		<b>\$148,273</b>	<b>\$19,282</b>
Barber Orchard	5/26/2005	\$24,300,000	\$2,430,000	3/31/2013	\$1,379,805	
Operable Unit #1				2/28/2015	\$16,637	
Waynesville, Haywood Co.						
<b>Site Totals</b>		<b>\$24,300,000</b>	<b>\$2,430,000</b>		<b>\$1,396,442</b>	<b>\$1,033,558</b>
Benfield Industries	9/27/1996	\$6,729,200	\$672,920	11/20/1997	\$168,230	
Hazelwood (Waynesville)				3/31/2001	\$69,841	
Haywood Co.				12/31/2013	\$345,215	
				7/31/2017	\$216	
<b>Site Totals</b>		<b>\$6,729,200</b>	<b>\$672,920</b>		<b>\$583,502</b>	<b>\$89,418</b>
Blue Ridge Plating	10/27/2005	\$1,357,600	\$135,760	4/30/2007	\$47,591	
Arden, Buncombe County	5/25/2007	\$917,600	\$91,760	6/30/2008	\$118,204	
				3/31/2010	\$16,212	
				5/31/2011	\$9,651	
				8/31/2012	\$10,839	
				12/31/2013	\$5,832	
				8/31/2016	\$14,048	
<b>Site Totals</b>		<b>\$2,275,200</b>	<b>\$227,520</b>		<b>\$222,377</b>	<b>\$5,143</b>
Cape Fear Wood Preserving	9/29/1994	\$16,965,300	\$1,696,530	3/31/2001	\$1,758,697	
Fayetteville, Cumberland Co.	9/22/2000	\$4,350,000	\$435,000	5/14/2003	\$478,263	
	9/20/2002	\$3,092,274	\$309,227	5/31/2005	\$91,520	
<b>Site Totals</b>		<b>\$24,407,574</b>	<b>\$2,440,757</b>		<b>\$2,328,480</b>	<b>\$112,277</b>
Carolina Transformer	9/25/1997	\$9,851,700	\$985,170	11/20/1997	\$246,293	
Soil Remediation	1/14/2000	\$4,634,850	\$463,485	4/30/2001	\$20,266	
Fayetteville, Cumberland Co.	9/28/2001	\$2,000,000	\$200,000	2/28/2003	\$1,181,561	
	9/20/2002	\$3,513,450	\$351,345	3/31/2005	\$497,867	
	5/13/2003	\$2,000,000	\$200,000			
				7/31/2006	\$153,534	
<b>Site Totals</b>		<b>\$22,000,000</b>	<b>\$2,200,000</b>		<b>\$2,099,521</b>	<b>\$100,479</b>

TABLE 1  
FUND-FINANCED NPL SITES  
AMOUNTS ENCUMBERED AND DISBURSED Continued  
(As of July 31, 2016)

	Dates	Estimated				Remaining
	SSC	Total Cost of	Cost to	Dates	Amounts	Amount
Site Name and Location	Signed	Remediation	State	Disbursed	Disbursed	Encumbered
Carolina Transformer Fayetteville, Cumberland Co.	6/15/2006	\$328,300	\$32,830			
<b>Site Totals</b>		<b>\$328,300</b>	<b>\$32,830</b>		<b>\$0</b>	<b>\$32,830</b>
Davis Park Road TCE Site Gastonia, Gaston Co.	5/5/2000	\$3,873,299	\$387,330	3/31/2001	\$49,061	
				12/3/2001	\$13,226	
				11/30/2003	\$21,958	
				4/30/2007	\$16,961	
				2/28/2015	\$415	
<b>Site Totals</b>		<b>\$3,873,299</b>	<b>\$387,330</b>		<b>\$101,621</b>	<b>\$285,709</b>
FCX-Statesville Operable Unit # 1 Statesville, Iredell Co.	9/12/1996	\$4,161,525	\$416,153	11/20/1997	\$104,038	
				5/31/2003	\$3,245	
				1/31/2008	\$38,749	
	5/30/2012	(\$2,701,210)	(\$270,121)			
<b>Site Totals</b>		<b>\$1,460,315</b>	<b>\$146,032</b>		<b>\$146,032</b>	<b>\$0</b>
FCX-Statesville Operable Unit # 2 Statesville, Iredell Co.	9/25/1997	\$4,840,000	\$484,000	11/20/1997	\$121,000	
				4/30/2001	\$53,979	
	2/22/2002	\$1,160,000	\$116,000			
				3/31/2002	\$379,969	
				4/30/2003	\$23,814	
	5/30/2012	(\$212,380)	(\$21,238)			
<b>Site Totals</b>		<b>\$5,787,620</b>	<b>\$578,762</b>		<b>\$578,762</b>	<b>\$0</b>
FCX-Washington Washington, Beaufort Co.	6/15/2006	\$255,791	\$25,579			
<b>Site Totals</b>		<b>\$255,791</b>	<b>\$25,579</b>		<b>\$0</b>	<b>\$25,579</b>
GMH Electronics Roxboro, Person Co.	5/18/2009	\$2,158,550	\$215,855	11/30/2010	\$98,300	
				6/29/2012	\$26,082	
<b>Site Totals</b>		<b>\$2,158,550</b>	<b>\$215,855</b>		<b>\$124,382</b>	<b>\$91,473</b>
North Belmont PCE Site North Belmont, Gaston Co.	7/26/2000	\$7,535,000	\$753,500	12/3/2001	\$31,835	
				5/14/2003	\$223,157	
				3/31/2007	\$112,076	
				5/31/2013	\$15,654	
<b>Site Totals</b>		<b>\$7,535,000</b>	<b>\$753,500</b>		<b>\$382,722</b>	<b>\$370,778</b>
Potters Septic Tank Pits Sandy Creek, Brunswick Co.	9/16/1994	\$8,000,000	\$800,000	1/30/1995	\$200,000	
	6/15/1998	\$350,000	\$35,000			
<b>Site Totals</b>		<b>\$8,350,000</b>	<b>\$835,000</b>		<b>\$200,000</b>	<b>\$635,000</b>
Ram Leather Care Charlotte, Mecklenberg Co.	6/15/2006	\$2,244,800	\$224,480	1/31/2009	\$127,596	
				3/31/2010	\$23,479	
				5/31/2011	\$14,359	
				10/31/2012	\$1,672	
<b>Site Totals</b>		<b>\$2,244,800</b>	<b>\$224,480</b>		<b>\$167,105</b>	<b>\$57,375</b>
Sigmon's Septic Tank Statesville, Iredell Co.	6/24/2008	\$2,415,801	\$241,580			
	10/28/2009	(\$2,415,801)	(\$241,580)			
	10/28/2009	\$1,329,400	\$132,940	5/31/2010	\$21,141	
				5/31/2012	\$508	
<b>Site Totals</b>		<b>\$1,329,400</b>	<b>\$132,940</b>		<b>\$21,649</b>	<b>\$111,291</b>
<b>TOTALS</b>		<b>\$119,191,674</b>	<b>\$11,919,167</b>		<b>\$8,938,519</b>	<b>\$2,980,648</b>