

1997-98

INTERIM

**JOINT
APPROPRIATIONS -
NATURAL & ECONOMIC
RESOURCES
COMMITTEE**

MINUTES

HOUSE APPROPRIATIONS SUB-COMMITTEE ON NATURAL AND ECONOMIC RESOURCES

Member Clerk	Home Address	Tel #
Rep. Frank Mitchell Susan West	734 Olin Road Olin, NC 28660	704/876-4327/H 704/876-0133/B
Rep. Rex L. Baker Jo Hinton	Route 6, Box 291 King, NC 27021	910/983-6658/H
Rep. James C. Carpenter	Post Office Box 133 Otto, NC 28763	704/524-6314/H 704/369-5987/B
Rep. William C. Owens, Jr. Marie Sheets	113 Hunters Trail East Elizabeth City, NC 27909	919/335-0167/H 919/335-1850/B
Rep. Gordon Allen Lillie Pearce	Post Office Box 100 Roxboro, NC	910/599-2943/H 910/599-2175/B
Rep. Arlie F. Culp Waneta Lord	8521 U.S. Highway 64 East Ramseur, NC 27316	910/824-2218/H
Rep. Stan H. Fox Sue Buehlmann	123 Pine Cone Drive Oxford, NC 27565	919/693-6516/H 919/693-6449/B
Rep. Bobby Ray Hall Billie Stevens	Post Office Box 40 Sanford, NC 27331-0040	919/776-6590/H 919/775-3452/B
Rep. Howard J. Hunter, Jr. Barbara Phillips	108 Martin Street Conway, NC 27820	919/585-0683/H 919/398-5630/B
Rep. Joe P. Tolson Gayle Christian	105 Edgewood Drive Pinetops, NC 27864	919/827-2749/H
Rep. John H. Weatherly Debbie Puckett	142 Quail Hollow Drive Kings Mountain, NC 28086	704/487-0039/H
<u>Additional Members during 1997-98 Interim</u>		
Rep. W. Eugene Wilson Rebecca Jones	881 Queen St. Boone, NC 28607	704/264-5365/H
Rep. Alex Warner Ann Stancil	3445 Legion Rd. Hope Mills, NC 28348	910/424-0030/H 910/424-5350/B

MEMBERSHIP LIST
SENATE APPROPRIATIONS SUBCOMMITTEE ON
NATURAL AND ECONOMIC RESOURCES

<u>MEMBERSHIP</u>	<u>OFFICE</u>	<u>PHONE</u>
Senator R.L. "Bob" Martin, Chairman	410	5-3040
Senator Tommy Jenkins, Vice-Chair	622	3-6275
Senator Betsy Cochrane	1127	5-2525
Senator Ham Horton	1406	3-3272
Senator Larry Shaw	625	3-4809
Senator David Weinstein	2108	3-5651
Additional Member during 1997-98 Interim		
Senator Austin Allran.....	516.....	3-5876

The seal of the State of North Carolina is circular. It features two female figures: Liberty on the left, holding a staff with a Phrygian cap, and Justice on the right, seated and holding a scale. The text "THE GREAT SEAL OF THE STATE OF NORTH CAROLINA" is inscribed around the top inner edge. The date "MAY 30 1775" is at the top, and "APRIL 12, 1776" is at the bottom. The motto "ESSE QUAM VIDERI" is written in a banner at the very bottom.

TO: Members of the Senate Appropriations Subcommittee on NER
FROM: Senator Bob Martin, Chairman
RE: NER Meetings
DATE: October 13, 1997

DATE: Tuesday, October 21, 1997 10:00 a.m. Room 643 (we will meet with the full Joint Appropriations)

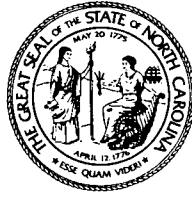
Wednesday, October 22, 1997 8:45 a.m. Depart Legislative Office Building for Tour (see enclosure)

LOCATION: Room 423 LOB

Beth Christensen, Fiscal Research	733-4910
Jennifer Herrera, Fiscal Research	733-4910
Mona Moon, Fiscal Research	733-4910
Mark Trogdon, Fiscal Research	733-4910
Carolyn Gooden, Senate Clerk	715-3040
Susan West, House Clerk	733-5959




NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH 27603



October 13, 1997

MEMORANDUM

TO: Members of the Senate Appropriations Subcommittee on
Natural and Economic Resources

FROM: Senator Bob Martin 

SUBJECT: October Meeting Itinerary

I have enclosed a copy of the proposed agenda for the meetings next week for your review. Please note that we will be touring facilities at North Carolina State University as well as attending the North Carolina State Fair on Wednesday so plan to dress casual.

I'm looking forward to seeing you next week. If you have any questions, please give me or Carolyn a call at 715-3040.

Enclosures



NER Appropriations Subcommittee

Tuesday, October 21, 1997

10:00 a.m. - 4:00 p.m.

A meeting of the Joint Full Appropriations Committee will be held in room 643 at 10:00. Immediately following, the NER Subcommittee will meet in room 423

1. Department of Environment and Natural Resources

- Explanation of Employee Time Sheets

Lois Artis-Murray

Assistant Secretary for Administration

2. Department of Environment and Natural Resources

- Overview of Animal Waste Permitting Process

Sherri Evans-Stanton

Assistant Secretary for Natural Resources

Dewey Botts

Division of Soil and Water Conservation

Dennis Ramsey

Division of Water Quality

LUNCH ON YOUR OWN

3. Department of Environment and Natural Resources

- Overview of Underground Storage Tank (UST) program

Arthur Mouberry

Division of Water Quality

4. Department of Justice

- Overview of Ownership Issues of Low-Pressure Pipe Systems in Wake County and Status of Legal Action

Karen Long

Office of the Attorney General

5. Department of Environment and Natural Resources

- Report on Possible Groundwater and Surface Water Contamination from Failing or Malfunctioning Low-Pressure Pipe Systems

Linda Sewall

Division of Environmental Health

6. Committee discussion and adjourn

NER Appropriations Subcommittee
Tuesday, October 21, 1997
10:00 a.m. - 4:00 p.m.

1. Meeting of Full Appropriations Committee in 643
2. NER Subcommittee begins meeting in 423
3. **Department of Environment and Natural Resources**
 - Divisions of Water Quality and Soil and Water Conservation - Overview of animal waste permitting process
4. LUNCH ON YOUR OWN
5. **Department of Environment and Natural Resources**
 - Division of Water Quality - Overview of Underground Storage Tank (UST) program
6. **Department of Justice - Attorney General's Office and Department of Environment and Natural Resources**
 - Follow-up discussion of ownership issue regarding Low-Pressure Pipe (LPP) systems and possible groundwater contamination due to LPP systems
7. Committee discussion and adjourn

**Joint Appropriations Subcommittee
On
Natural and Economic Resources**

Tuesday, October 21, 1997 at 11:00 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, October 21, at 11:00 a.m. in Room 423 of the Legislative Office Building. Five Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Mitchell, Baker, Carpenter, Fox, Hall, Owens, Tolson, Allen and Weatherly were present.

Senator Martin called the meeting to order. Chairman Martin welcomed the members back to Raleigh. He remarked that the Committee was entering a new phrase by meeting in the interim. Representative Baker also welcomed the House members, especially Representative Gene Wilson. Representative Wilson, who is on the Capital Subcommittee, has been assigned to the interim Committee of the NER. Representative Mitchell recognized Representative Gordon Allen, a new House member, to the committee. Representative Allen replaced Representative Mike Wilkins who is now with the Department of Commerce. Representative Mitchell then asked the members to introduce themselves. Senator Austin Allran introduced himself by saying he had been assigned to this committee during the interim.

Senator Martin recognized Ms. Lois Artis-Murray, Assistant Secretary for Administration, with the Department of Environment and Natural Resources. Ms. Artis-Murray explained how the Department records the actual number of hours and minutes worked, or leave taken daily (see Attachment A). She stated that an employee's immediate supervisor has the primary responsibility for ensuring that the individual is working at her/his assigned location(s) for the appropriate number of hours and is accomplishing the assigned tasks. At the end of the month, the employee submits a time sheet to their supervisor (see Attachments B, C, and D). She said employees are required daily to report the hours worked on the time sheet.

Ms. Sherri Evans-Stanton, Assistant Secretary for Natural Resources, with the Department of Environment and Natural Resources gave an overview of Animal Waste Permitting Process. She reported that the pilot programs are in Jones and Columbus

Counties. They have been selected based on resources location and existing staff. The plan is that effective November 1, 1997 as required in the legislation, will begin planning and implementing the program. The inspections by soil and water will start January 1, 1998 and they will be doing the inspections in consultation with DWQ. The Department plans to continually monitor the progress on the inspection program under the pilot program and will make adjustments as necessary. She said the law requires that the Department report back by April 15, 1998 as an interim report and a final report by December 1, 1998. Representative Mitchell asked if the people in Jones and Columbus Counties can be assured that there will be no lack on inspections for the hog farms? Ms. Evans-Stanton replied that the goal of the Department is to protect water quality and they are going to carry forward that goal whether that means that DWQ must come in and do more inspections or if soil and water is doing them in the pilot program as the Department determines them to be satisfactory. Representative Mitchell asked if there is duplication in inspection from soil and water and DWQ? Representative Mitchell asked where the DWQ inspectors are based? She said they are based in regional offices and soil and water people are located in every county. She said that the soil and water people are located in the area of the hog farms.

Mr. Dewey Botts, Division of Soil and Water Conservation, gave a brief explanation of .0200 This is Attachment E of these minutes. He referred to page 3 of the handout and stated that there are 3,035 registered animal operations across the state that need to come into compliance. He said that 1900 of these are certified. He reported that by the end of this year, they expect that all operations will be in compliance with the exception of 90 to 100 operations that have legitimate excuses. There are about 50 operations that cannot get help by the end of the year and about 6 to which they cannot get financial help. Representative Mitchell said that many dairymen will not be in compliance by January 1, 1997 and some of them have been threatened with fines. He asked if any special permits for these people had been issued at this point. Mr. Botts said they would be issued at the end of the year. Representative asked how many dairymen have gone out of business in North Carolina because they did not meet .0200 regulations? Mr. Botts said that probably half of the dairymen in the state have gone out of business. He said not just regulations caused this, but prices caused some of this. Ms. Paula Gupton, Farm Bureau, said she would provide the Committee with the number of dairymen who have gone out of business. Representative Weatherly asked how many hog farms have gone out of business? Mr. Roger Bone, representing the hog farmers, said over 2,000. He said regulations have driven the "little man" out of business.

Mr. Dennis Ramsey, Division of Water Quality, addressed the Committee on Animal Waste Management Systems Permits issued from January 1 through October 21, 1997. (See Attachments E and F) He referred the Committee to Page 4 of Attachment E where his part of the program began. He said this was a brief summary of where the Department is with the permitting process with general permits. He also spoke on the Operations Review and the annual Inspections to be conducted by the Division of Water Quality as required by Senate Bill 1217.

The next item on the agenda was an Overview of Underground Storage Tank (UST) program, which was given by Mr. Arthur Mouberry, Division of Water Quality. Mr. Mouberry gave a summary on the status of the leaking petroleum UST program. This is Attachment G of these minutes. He said that there were two bills that had been passed that had an impact on this program. Senate Bill 1012 which passed in 1995 and Senate Bill 1317 passed in 1996. During Mr. Mouberry review, he referenced several handouts. These are Attachments H, I, J, and K of these minutes. Representative Hall asked what the liability would be if you buy property with an underground leak? Mr. Mouberry responded that if you buy property with knowledge then you buy into the liability with that site. However, if he bought the site without knowledge, you would be considered an innocent buyer.

Ms. Karen Long, Department of Justice, was recognized to give a brief overview of ownership issues of the Low-Pressure Pipe (LPP) waste water systems in Wake County and the status of legal action. The Harco Cooperation that ran LPP systems for public waste walked away from their obligation in January 1997. Senator Martin wanted to know what would constitute a claim against the state from the homeowners? She said that you would file a claim against the state when you allege that there has been a wrong doing or action by a state agency. Representative Mitchell said the House took up a bill to give an appropriation to these people in the developments in North Raleigh, but the bill was defeated. However, the question came up as to who owns the pipe. Representative Fox asked what is the solution. Ms. Long said the solution is for these developments to connect to municipal sewage systems. The largest question is who is responsible for the cost of the connection.

Ms. Linda Sewall, Division of Environmental Health, reported on possible groundwater and surface water contamination from failing or malfunctioning Low-Pressure Pipe Systems. This is Attachment L of these minutes. Representative Fox asked if the state is still permitting the LPP systems. Ms. Sewall said at this time, yes.

The meeting adjourned at 3:30 p.m.


Carolyn M. Gooden, Committee Clerk


Senator R.L. Martin, Chairman

NORTH CAROLINA DEPARTMENT OF
ENVIRONMENT AND NATURAL RESOURCESJAMES B. HUNT JR.
GOVERNOR

October 20, 1997

MEMORANDUM

TO: NER Subcommittee on Appropriations

FROM: R. Lois Artis-Murray *RLA-M*

SUBJECT: Presentation - Employee Accountability

DENR has 3,400 employees located across the state of North Carolina. The department maintains the traditional hierarchical reporting structure. An employee's immediate supervisor has the primary responsibility for ensuring that the individual is working at her/his assigned location(s) for the appropriate number of hours and is accomplishing the assigned tasks. This is done through the most appropriate method for the work situation and includes direct observation, employee itineraries, performance management, teleconferencing and feedback from clients, et cetera.

Time accounting

Employees record the actual number of hours and minutes worked, or leave taken daily. If an employee's work is supported by federal funds, the time worked on each grant is recorded. At the end of the month, the employee completes the time sheet by entering the total time worked and leave taken, then updates year-to-date balances. At the end of a pay period the employee must sign the time sheet to certify that it is a "true and accurate statement of hours worked and leave taken."

Each month, the supervisor reviews the time sheets of direct reports, verifies accuracy and signs if there is no discrepancy. The supervisor then forwards the time sheets to the designated division personnel.

Each division forwards its time sheets to the Payroll Section in the DENR Controller's Office where all calculations are verified and the monthly totals are entered into the Department's time keeping system.

Performance management

It is the responsibility of each supervisor to manage each employee's work and to establish ongoing communication to ensure that work is accomplished as planned. DENR has adopted "Managing Quality Performance," a procedure for work planning and performance appraisals. According to this process each employee should have a work plan established within 30 days of the beginning of his or her work cycle. A work plan provides a specific course of action outlining the significant responsibilities and duties of an employee's job. Duties and responsibilities may evolve from previous work plans, the job description, and interviews with the employee. Each work plan should include a measure of the ongoing aspects of each job, any special projects, goals, and developmental opportunities.

The employee and the supervisor should meet at the beginning of the work cycle to discuss and agree upon the desired outcomes and the behavioral expectations. An interim review should be conducted approximately six months into the cycle to assess progress and identify any modifications needed. A final review should be conducted at the end of the work cycle and summary ratings prepared.

DENR has made its policies and procedures available to departmental personnel via the HOMEPAGE. In addition the Department is currently implementing an automated time accounting system to simplify the time reporting process. Training and support are provided to new supervisors on the appropriate administration of the performance management process and time accounting. In the end, it is the responsibility of management to communicate the Department's mission, vision and goals to staff and to insure that the work of employees furthers the goals and objectives of the DENR.

Attachments

PAYROLL PERIOD		
MO.	DAY	YR.

Subject

☐ Not Subject

SPECIAL INSTRUCTIONS: Complete in ink. Refer to Codes on back. Time recorded in half-hour increment will be shown as ".30".

FUND	ACTIVITY	CODE	RCC	DATE																															TOTAL	
				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	HRS	MIN
																					</															

DAILY TOTALS

Total brought forward from partial week _____
(work hours _____ + leave hours _____)

OVER WEEKLY WORK BASE

[illegible]

"B" Compensatory Time Earned

"B" Compensatory Time/Overtime Earned

Compensatory Pay

Holiday and Premium Pay

[illegible]

LEAVE SUMMARY

LEAVE SUMMARY						
(HRS./MINS.)	VACATION	SICK	COMPTIME	CHILD INV.	ADV. WEA.	
Brought Fwd.						
Paid Other						
Leave Earned		8.00				
Total Available						
Leave Taken						
Balance						

DEHNR 3766 (Revised 10/94)
General Accounting (Review 10/96)

I certify that this is a true and accurate statement of hours worked and leave taken.

EMPLOYEE'S SIGNATURE

Date _____

I certify that I have reviewed the hours worked and leave taken.

SUPERVISOR'S SIGNATURE

Date _____

Part 1 (white) — Office of the Controller; Part 2 (yellow) — Division; Part 3 (pink) — Employee

RECORD OF HOURS WORKED AND LEAVE TAKEN

Office of the Clerk

[illegible]

PAYROLL PERIOD		
MO.	DAY	YR.
07	31	97

Subject

☒ Not Subject

SOCIAL SECURITY NUMBER

	1
	1

INSTRUCTIONS: Complete in ink. Refer to Codes on back. Time recorded in half-hour increment will be shown as ".30".

JND	ACTIVITY	CODE	RCC	DATE												TOTAL HRS/MIN																			
				1	2	3	4	5	6	7	8	9	10	11	12		13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
40	22	W	1	4	2	2	12	11	13	10	-	12	14	12	8 1/2	4	9	12	14	11	6	-	-	5	9	10	10	8	-	-	10	9	9	256:30	
		H					8																										5:00		
		DAILY TOTALS		12	11	13	8	10	-	12	14	12	14	12	14	8 1/2	4	9	12	14	11	6	-	-	5	9	10	10	8	-	-	10	9	9	264:30

brought forward from partial week

hours + leave hours

ave hours 5
OVER WEEKLY WORK BASE

"B" Compensatory Time Earned

"B" Compensatory Time/Overtime Earned

Compensatory Pay

Holiday and Premium Pay

LEAVE SUMMARY						
MIN.	VACATION	SICK	COMPTIME	CHILD INV.	ADV. WEA.	REMARKS
1st Fwd.	319.00	877.30	312.00			13.30
2nd Fwd.	319.00	877.30	312.00			13.30
3rd Fwd.	319.00	877.30	312.00			13.30
4th Fwd.	319.00	877.30	312.00			13.30
5th Fwd.	319.00	877.30	312.00			13.30
6th Fwd.	319.00	877.30	312.00			13.30
7th Fwd.	319.00	877.30	312.00			13.30
8th Fwd.	319.00	877.30	312.00			13.30
9th Fwd.	319.00	877.30	312.00			13.30
10th Fwd.	319.00	877.30	312.00			13.30
11th Fwd.	319.00	877.30	312.00			13.30
12th Fwd.	319.00	877.30	312.00			13.30
13th Fwd.	319.00	877.30	312.00			13.30
14th Fwd.	319.00	877.30	312.00			13.30
15th Fwd.	319.00	877.30	312.00			13.30
16th Fwd.	319.00	877.30	312.00			13.30
17th Fwd.	319.00	877.30	312.00			13.30
18th Fwd.	319.00	877.30	312.00			13.30
19th Fwd.	319.00	877.30	312.00			13.30
20th Fwd.	319.00	877.30	312.00			13.30
21st Fwd.	319.00	877.30	312.00			13.30
22nd Fwd.	319.00	877.30	312.00			13.30
23rd Fwd.	319.00	877.30	312.00			13.30
24th Fwd.	319.00	877.30	312.00			13.30
25th Fwd.	319.00	877.30	312.00			13.30
26th Fwd.	319.00	877.30	312.00			13.30
27th Fwd.	319.00	877.30	312.00			13.30
28th Fwd.	319.00	877.30	312.00			13.30
29th Fwd.	319.00	877.30	312.00			13.30
30th Fwd.	319.00	877.30	312.00			13.30
31st Fwd.	319.00	877.30	312.00			13.30
32nd Fwd.	319.00	877.30	312.00			13.30
33rd Fwd.	319.00	877.30	312.00			13.30
34th Fwd.	319.00	877.30	312.00			13.30
35th Fwd.	319.00	877.30	312.00			13.30
36th Fwd.	319.00	877.30	312.00			13.30
37th Fwd.	319.00	877.30	312.00			13.30
38th Fwd.	319.00	877.30	312.00			13.30
39th Fwd.	319.00	877.30	312.00			13.30
40th Fwd.	319.00	877.30	312.00			13.30
41st Fwd.	319.00	877.30	312.00			13.30
42nd Fwd.	319.00	877.30	312.00			13.30
43rd Fwd.	319.00	877.30	312.00			13.30
44th Fwd.	319.00	877.30	312.00			13.30
45th Fwd.	319.00	877.30	312.00			13.30
46th Fwd.	319.00	877.30	312.00			13.30
47th Fwd.	319.00	877.30	312.00			13.30
48th Fwd.	319.00	877.30	312.00			13.30
49th Fwd.	319.00	877.30	312.00			13.30
50th Fwd.	319.00	877.30	312.00			13.30
51st Fwd.	319.00	877.30	312.00			13.30
52nd Fwd.	319.00	877.30	312.00			13.30
53rd Fwd.	319.00	877.30	312.00			13.30
54th Fwd.	319.00	87				

I certify that this is a true and accurate statement of hours worked and leave taken.

EMPLOYEE'S SIGNATURE _____

Dale

Date 5.11.20

Part 1 (white) — Office of the Controller; Part 2 (yellow) — Division; Part 3 (pink) — Employee

EMPLOYEE

PAYROLL PERIOD		
MO.	DAY	YR.
07	31	97

SPECIAL INSTRUCTIONS: Complete in ink. Refer to Codes on back. Time recorded in half-hour increment will be shown as ".30".

[illegible]

Total brought forward from partial week 8
work hours 8 + leave hours 0
OVER WEEKLY WORK BASE

[illegible]

"B" Compensatory Time Earned

'B" Compensatory Time/Overtime Earned

Compensatory Pay

Holiday and Premium Pay

[illegible]

LEAVE SUMMARY

(HRS./MINS.)	VACATION	SICK	COMPTIME	CHILD INV.	ADV. WEA.
Brought Fwd.	257.0	570.20	37.0		
Paid/Other					
Leave Earned	11.10	8.00	8.0		
Total Available	268.10	578.20	45.0		
Leave Taken		-24.0	-36.0		
Balance	257.0	554.20	9.0		

DEHNR 3766 (Revised 6/94)
General Accounting (Review 10/96)

I certify that this is a true and accurate statement of hours worked and leave taken.

EMPX07EEFS SIGNATURE:-

Date,

26/5/8

I certify that I have reviewed the hours worked and leave taken.

SUPERVISOR'S SIGNATURE

三

8/5/97

Part 1 (white) — Office of the Controller; Part 2 (yellow) — Division; Part 3 (black) — Employee

CHAPTER III - PERSONNEL

SECTION 14 - MANAGING QUALITY PERFORMANCE SYSTEM

.100 PURPOSE

The purpose of this policy is to establish the procedure for implementing and managing the performance management process for the Department of Environment, Health and Natural Resources (DEHNR).

.200 BACKGROUND

The State Personnel Commission has directed each state agency to initiate and maintain an operative performance management system consistent with the goals approved by the Office of State Personnel. This system recognizes the importance of managing each individual's work and of having continuous communication between employees and their supervisors.

.300 POLICY

DEHNR accepts and endorses the commitment of North Carolina State Government to the performance management system, and has instituted the Managing Quality Performance system in this agency. The following policy and procedures were developed within the context of principles adopted by the State Personnel Commission.

The Managing Quality Performance system will be used for, but not limited to the following:

1. Clarifying the relationship between the employee's position accountabilities and the purpose and goals of the work unit and the department;
2. Measuring all employee's performance by comparing the actual results to Key Results/ Responsibilities (KRR's);
3. Documenting the actual results of an employee's performance since the last appraisal;
4. Identifying for reward, employees who exceed expectations;
5. Motivating employees to achieve outstanding performance;
6. Making fair and equitable personnel management decisions;
7. Enhancing communication between the employees and the supervisor as well as between the supervisor and the manager; and
8. Establishing, monitoring progress, and meeting organizational goals.

.400 PROCEDURE

The Managing Quality Performance Process

All divisions within DEHNR will use a standard Managing Quality Performance system form. The work cycle will begin July 1 and end June 30. Division Directors may request work cycles that are most suitable for their divisions. These written requests should be submitted for approval to the DEHNR Personnel Director. All DEHNR performance increases will be awarded concurrently. Performance and Behavioral Expectations will be documented on the work plan form at the "Good" level; however, the levels of "Outstanding," "Very Good," "Below Good" and "Unsatisfactory" shall be communicated to the employee.

It is the supervisor's responsibility to explain the Managing Quality Performance process to the employee so that the employee understands the importance of his/her role in the organization. At the beginning of the work cycle, each employee shall discuss his/her work plan with KRR's, Performance and Behavioral expectations with their supervisor. The supervisor will also inform the employee in writing of the agency's rating scale that the employee is being evaluated against.

The work plan and performance appraisal summary for each employee will be maintained in the Divisions's Personnel office for three (3) years. Each employee shall be notified by his/her supervisor where his/her work plan is kept. (See State Personnel Manual, Section II on Confidentiality of Records.) After three cycled, summaries shall be disposed of in a confidential manner according to G.S. 122.5 (b) (c).

Developing a Work Plan

Each employee shall have a work plan established within thirty (30) days of the beginning of each work cycle. A work plan maps out a specific course of action outlining the significant responsibilities and duties of an employee's job. These duties and responsibilities are taken from the position description, previous work plans and interviews with the employee. Each employees work plan should include a measure of the ongoing aspects of each job, any special projects and goals and development opportunities.

Performance and Behavioral Expectations

The supervisor is responsible for assuring that expectations for all jobs within his/her purview are consistent and equitable. The supervisor's manager must see that the expectations for similar jobs across all units reporting to him/her are consistent and equitable. At the beginning of each work cycle, the supervisor and employee shall meet to determine performance and behavioral expectations for their KRR's and Dimensions. Expectations are the objective measures and criteria which state specifically how performance is measured throughout the cycle and what the product or

result should be. They also serve as the basis of the discussion during the interim and final appraisal sessions. Indicators used in clarifying aspects of performance being measured are descriptions of quality, quantity, timeliness, manner of performance, cost effectiveness and adherence to procedures. Performance and Behavioral expectations shall be documented on the work plan at the "Good" level. Levels of performance above and below the "Good" level shall be discussed between the supervisor and employee and the discussion should be documented. The supervisor must involve the employee in the process but retains authority, with the consent of the manager, for determining and approving expectations. Performance and Behavioral expectations must be established and updated at least annually.

After completing the expectations, the supervisor and employee shall indicate what methods of collection of performance information will be used to evaluate the employee's performance throughout the work cycle and to document on the work plan. This data is necessary to compare and evaluate actual performance against expectations. Methods of collection include direct observation, written material, third-party reports and individual self-report.

Standards are the expectations written at each level of the approved rating scale. Standards are preferable for groups of positions which have the same responsibilities and duties so that all employees are appraised in a consistent manner. Standards for classifications where five or more employees have the same or similar responsibilities should be developed through group process/job analysis. Supervisors of positions where two, three, or four employees perform the same or similar work should develop standards to ensure that these employees are being evaluated by the same criteria. When standards are in place, they should be reviewed annually. During the development of the work plan, managers should discuss with the employee the priority of KRR's and Dimensions to indicate the relative importance of one KRR/Dimension as it compares to the others as well as the overall job.

Dimensions - the skills, abilities and behaviors necessary to perform a job are an integral part of job performance. All the agreed upon Dimensions, such as performance stability customer service or teamwork shall be discussed with that employee during the development of the work plan. The supervisor will clearly communicate what is considered acceptable and unacceptable performance and/or behaviors in the position and how poor performance will impact the overall rating. Unacceptable work habits or misconduct should be addressed through the disciplinary action process.

Development Plan

A development plan is to be used as appropriate to document each employee's needs, interests, and activities to enhance the work being done. The development plan provides a course of action to be taken to improve or enhance the employee's

performance or to document any growth opportunity in which the employee is participating. Development activities must be planned when the work plan is established and updated during the cycle as needed.

Growth opportunities to enhance employees' performance in the current job and encourage them to meet their fullest potential should be offered to each employee. Employees may elect not to participate in this type of development, but should be encouraged because of the benefits to the organization as well as the employee. If no growth opportunities can be defined, this shall be documented on the development plan.

In addition, a development plan will be used if an employee has not met expectations on a key result/responsibility as documented on the last performance review. The plan shall specify the steps an employee will take to gain the knowledge or skills needed to perform certain tasks and clearly indicate the steps the supervisor will take to assist the employee in achieving the needed knowledge and/or skills. A development plan can be created at any time during a cycle if an employee is not performing at the good level on a Key Result/Responsibility.

Holding the Interim Review

Each supervisor shall meet with each employee at least one time at the approximate midpoint of the work cycle, for an interim review of performance. Additional interim reviews may be initiated by either employee or supervisor. The purpose of this meeting is to discuss the employee's progress toward each of the established expectations and initiate action toward improvement, if needed, or to document exceptional achievement. The supervisor should document the reasons why specific expectations could not be met, the plan established to overcome deficiencies, and the date the interim review occurs. If an employee's performance is not progressing as expected at the mid-cycle review, the supervisor shall meet with that employee at least once more before the final appraisal. Overall interim ratings should be discussed but need not be recorded on the work plan. Expectations which cannot be met as recorded should be eliminated from the work plan or rewritten if they reflect changes in priorities or obstacles beyond the employee's control. The employee and the supervisor should sign and date the work plan at the time of the interim review.

To be most effective, supervisors and managers need to model desired behaviors and coach to provide feedback on employee performance throughout the process. Feedback is a two-way process allowing vital information to flow back and forth between the supervisor and employee. Employees and supervisors are encouraged to provide information and documentation, such as samples of work, work products, notes on observations, and feedback, in support of established performance activities or responsibilities. It is the employee's responsibility to keep the supervisor informed as

changes occur so that expectations can be met as planned or the expectation adjusted based upon circumstances beyond the employee's control.

Conducting the Performance Appraisal

At the end of the work cycle, the supervisor shall meet with each employee to review the employee's actual performance as it compares to established expectations. An appraisal is also required for these situations:

1. When an employee transfers (lateral, demotion, promotion) within state government, an overall performance review shall be completed and documented prior to the transfer. The completed work plan and a completed Performance Appraisal Transfer Form shall be forwarded to the Division of Personnel;
2. Prior to a supervisory change, the supervisor must communicate performance information for each employee to ensure consistency in the transition. The supervisor may choose to complete and document an overall performance review for all employees affected by the change or to communicate with management to discuss each employee's performance; and,
3. When an employee separates from state government, the work plan should be marked accordingly and sent to the Department Personnel Office. A Division may require completion and documentation of an overall performance review prior to separation.

At the final appraisal session, the supervisor and employee shall discuss how well the work was performed, identify good performance and performance which needs improvement using documentation of performance, samples of work, work products, notes on observations and feedback as justification. The supervisor shall determine, communicate and explain the rating for each expectation to the employee. A summary rating will be calculated in compliance with the guidelines furnished by OSP.

Overall performance will be evaluated so that each employee is told how he/she performed his/her job throughout the work cycle and an overall rating given which coincides with one of the levels of the approved rating scale. Thorough documentation by the supervisor supporting the overall rating should be included. Employees shall have the opportunity to comment on their evaluation. The performance appraisal summary shall be signed and dated by the employee, supervisor, and the supervisor's manager. An employee's signature does not imply agreement with the overall performance review but indicates that the ratings have been discussed with the employee. If an employee chooses not to sign the summary, the supervisor shall

document, with the next line supervisor as witness; that the appraisal has been completely discussed with the employee. The employee must receive a copy of his/her completed final appraisal.

Prior to the final appraisal session, the supervisor and the supervisor's manager shall reach general agreement on the performance ratings for each employee. Any alteration in the final document shall be initialed and dated by the employee, supervisor, and supervisor's manager.

Performance Salary Increases

Education/ Training Program

The Department of EHNR recognizes the need for comprehensive training to implement a fair and consistent Performance Management System. All employees may participate in a Performance Management System Training Session. Orientation for new employees will include a segment on Performance Management. Supervisors and managers will participate in Performance Management System skills training. New supervisors and managers who need to familiarize themselves with DEHNR'S performance management system must register for training within the first year of assuming their management duties. The new supervisor's manager will work closely with the new supervisor communicating departmental policy and procedure and providing written and verbal instruction on how to establish a work plan. The manager will be responsible for assisting the new supervisor with the performance management process until the new supervisor is trained.

Relationship of Performance Management to Other Human Resource Systems

Performance Management is an integral part of the overall management of an organization. From an organizational perspective, information obtained from performance appraisal must influence selection, staffing, discipline, training, and development. Performance appraisal is one consideration in making other personnel decisions such as promotions, all performance based disciplinary actions, performance salary increases and reductions in force. Since the work plan does not cover 100% of the job, disciplinary action must be noted and considered in making personnel decisions. Personnel policies dealing with these actions also require consideration of other variables; therefore, performance appraisal alone cannot determine such decisions.

In order to achieve internal consistency in personnel administration, the following requirements shall be met:

1. A current (within the past 12 months) Performance Appraisal summary shall be on file for an employee before any of the personnel actions listed above can be effected.
2. Any proposed personnel action shall be consistent with the overall rating of the employee's performance.
3. In cases in which the recommended personnel action appears inconsistent with the most recent overall rating, a written justification shall accompany the recommended personnel action or documentation supporting improvements made on the employee's current work plan.

In order to ensure that all EHNR employees have the opportunity to qualify for performance pay increases:

1. **Probationary Employees:**
Probationary employees shall have a position description and work plan established within thirty calendar days from the date of employment and an appraisal completed at the end of the work cycle. A review shall be completed before an employee can be moved into permanent status in accordance with policy on Probationary Period. By the end of the work unit's work cycle, the employee is required to have been on permanent status for a minimum of two thirds of the work cycle and receive a "Very Good" or "Outstanding" rating in order to be eligible for a performance increase.
2. **Trainee Progression:**
Every employee in a trainee progression must have a work plan established within thirty calendar days of employment. This plan helps guide the employee in reaching requirements for the full classification. A review shall be completed before each salary increase is granted within the progression. Permanent status employees with trainee appointments are not eligible for performance pay awards.
3. **Changes in Duties:**
Employees whose responsibilities and duties are changed either within their current position or by transfer (lateral, promotion, or demotion) shall have a new position description and work plan established within thirty days of the new assignment.
4. **Employee Transfer:**
A transferred employee is eligible for a performance increase at the end

of the new work unit's performance management cycle. When the transferred employee arrives in the new unit, the supervisor may consider the level of documented performance in the appraisal from the previous rating in determining the amount of a performance salary increase.

5. **Change in Supervisor:**

To provide continuity and consistency of treatment when a supervisor changes, the next level manager and supervisor shall agree on each employee's progress toward their work plan and document with signatures of the employee, supervisor, and manager or the supervisor shall complete an appraisal for each employee prior to leaving the work unit. The new supervisor or manager will review, initial, and update the new work plan as needed for the remainder of the cycle.

6. **Leave with Pay:**

An employee must be present on the job for a least two thirds of the work cycle to provide for the fair and accurate assessment of performance.

7. **Leave Without Pay:**

An employee who has been on active work duty for two thirds of the work cycle and is on leave without pay on the date performance increases are granted may receive the performance increase on the date of reinstatement if the work cycle has been completed and a rating of "Very Good" or "Outstanding" is received. If the employee has been on active duty for two thirds of the work cycle and is anticipating going on leave without pay, it is advisable to evaluate the employee prior to separation. This would provide management the opportunity to anticipate the recommended increase for this employee at the time awards are being determined. A new work plan shall be written if the employee returns to work after the close of one work cycle and the start of the next.

8. **Workers' Compensation:**

Employees who are on Workers' Compensation are eligible for a performance pay award if they have been on active work duty and performing their regular work duties for at least two thirds of the work cycle and are rated at the "Very Good" or "Outstanding" level. If an employee returns to work and performs lighter duties than outlined in their work plan, within thirty days of assuming lighter duties, their current work plan shall be negotiated to reflect the change in duties.

9. **Salaries At or Above Maximum:**

Employees at the maximum shall be paid a performance increase in the form of a performance bonus if they are otherwise eligible for a

performance increase. This performance bonus shall be a one-time, lump-sum award. Such award shall not increase the base pay.

10. Separation:
Employees who separate from state service prior to the effective date increases are awarded (the month the award is received in the pay check) are not eligible for performance increases.

Responsibilities

Department of Environment, Health, and Natural Resources

1. The Secretary of EHNR shall be responsible for bringing all units into full compliance with this policy. Failure to adhere to this policy, provisions, and guidelines may result in the loss or withholding of performance increase funds throughout a division or the entire department.
2. The Secretary of EHNR will initiate the Performance Management System with the Deputy Secretaries and individual Assistant Secretaries, Division Directors, Program Directors, and Regional Managers, who shall in turn be responsible for instituting the Performance Management System at all levels within their respective areas.
3. The Secretary of EHNR is responsible for ensuring that one of the responsibilities included in each supervisor's and manager's work plan is managing the performance of subordinate employees in accordance with the Departments Performance Management policy and procedure and that sanctions be levied if this provision is not met.
4. The Secretary of EHNR shall take sanctions against the managers of those units in which inequities or systematic deficiencies exist. Sanctions shall be of such nature as to ensure that no employee within the department is penalized or excluded from consideration for a performance salary increase because the employing unit has not appropriately carried out the performance management process.
5. The Secretary shall have the responsibility to submit an annual report to the Office of State Personnel which includes a complete description of the current performance management system, performance increase distribution of each employing unit, demographic data of performance ratings, frequency of evaluations, performance pay increases awarded, the implementation schedule for performance pay increases, as well as all

other information requested. This monitoring shall be accomplished by each Division/Program Director.

Within 60 calendar days after receipt of the evaluation of this annual report from the Office of State Personnel, a written plan will be prepared alleviating inequities and systematic deficiencies and submitted to the Office of State Personnel for concurrence.

6. The Division of Personnel, Department of EHNR, shall assist each employing unit in providing:
 - a. an orientation program which informs all employees of the Performance Management System and its relationship to other human resource systems; and
 - b. a training program that assures the managers/supervisors of the employing unit(s) are adequately prepared to carry out the Performance Management System.
7. The Division of Personnel, Department of EHNR, shall have the responsibility of providing guidelines for monitoring, and ensuring the accuracy of monitoring results.

Divisions

Top Management within each division/program shall establish, monitor, and evaluate the Performance Management System within their division.

1. The Division Director shall be responsible for bringing all units within their purview into full compliance. Failure to adhere to this policy, provisions, and guidelines may result in the loss or withholding of performance increase funds throughout an entire division.
2. It shall be the responsibility of each division/program director to submit an annual report through the chain of command to the Department of EHNR which includes a complete description of the performance increase distribution of each employing unit, demographic data of performance ratings, frequency of evaluations, performance pay increases as well as all other information requested. This information will be assimilated by the Division of Personnel and will be forwarded to the Secretary of EHNR for his review and will be the basis for the required annual report to the Office of State Personnel.
3. Within 15 calendar days after receipt of the OSP evaluation of this annual report by the Department, the Division of Personnel will notify all

Division/Program Directors of any problem areas identified by the Office of State Personnel. Within 30 calendar days after notification by the Division of Personnel of problems, the head of each division/program shall prepare a written plan alleviating inequities and systematic deficiencies and submit it through the chain of command to the Division of Personnel of the Department of EHNR for concurrence.

4. The head of same division shall also impose sanctions against the managers of those units in which inequities or systematic deficiencies exist. Sanctions shall be of such nature as to insure that no employee within their purview is penalized or excluded from consideration for a performance salary increase because the employing unit within the division has not appropriately carried out the Performance Management Process.
5. Top management of each division shall have the responsibility of monitoring the quality and timeliness of activity in the Performance Management System. This may be accomplished by appointing a monitoring team or by placing the responsibility with one or two employees of the respective division. Divisions must follow departmental guidelines to ensure the accuracy of monitoring results.
6. Supervisors:
 - a. At the beginning of each performance management cycle, supervisor/managers must hold meetings with each employee to determine performance expectations. These meetings must include:
 - (1) An explanation of the Performance Management Process
 - (2) A discussion of the employees current responsibilities and the expectations that describe successful completion of each
 - (3) A work plan from a current position description. The original is maintained by the supervisor and a copy provided to the employee.
 - b. At least one interim review must be held with each employee at the midpoint of the cycle and be documented by reasons why specific expectations could not be met, a plan established to overcome deficiencies and the date the review occurs.

- c. Performance appraisal discussions must be held with each employee at the end of the Performance Management cycle. Supervisors and managers should discuss the performance ratings of employees prior to the final appraisal discussion. Ratings for each expectation and overall rating must be communicated and explained to the employee.
 - d. Supervisors are responsible for consistency of Performance Management. Specifically, they are responsible for:
 - (1) Seeing that expectations for all similar jobs within their purview are consistent and equitable
 - (2) Distributing performance increases fairly
 - (3) Seeing that increases are awarded consistently and in compliance with the Compensation and Pay Plan.
 - (4) Seeing that amounts awarded are within the allowable range based on the ratings received
 - e. Supervisors are responsible for achieving consistency between personnel administration and Performance Management.
7. Employees:
- a. Meet with supervisor to provide input in the determination of performance expectations
 - b. Collect performance documentation such as samples of work or work products in support of established performance activities and responsibilities
 - c. Keep the supervisor informed as changes occur so that expectations can be met as planned or the expectation adjusted based upon justifiable circumstances
 - d. Sign the work plan and summary evaluation. Comment on supervisor's evaluation of their performance, if appropriate.

Sanctions

Performance management is a major responsibility of all supervisors and managers for which they will be held accountable. This responsibility shall be included in each supervisor's and manager's work plan.

No employee shall be penalized or excluded from consideration for a performance salary increase because a supervisor or manager has not done his/her job in the Performance Management Process.

The failure of a supervisor or manager to carry out the Performance Management Process in accordance with this policy usually will be addressed as a performance deficiency. It can result in one or more of the following actions:

1. Coaching from the immediate supervisor and manager to determine the cause(s) of the deficiency and implementation of a developmental plan of correction;
2. Participation in skills enhancement training as part of the developmental plan;
3. Monitoring of progress by the manager towards developmental goals to ensure deficiencies are corrected; and,
4. If necessary, issuance of appropriate disciplinary warnings, up to and including dismissal, in accordance with the department's disciplinary action policy.

**AGENDA FOR NCDENR PRESENTATION
NER MEETING - OCTOBER 21, 1997**

- 1. Status Of Facility Compliance With December 31, 1997
Deadline for Development and Implementation of Certified
Animal Waste Management Plans**
 - A. Interagency Group**
 - B. Statewide Numbers**

- 2. Status of Issuance of General Permits**
 - A. Current General Permits**
 - B. Numbers of Permits Issued**
 - C. Review of Existing General Permits**

- 3. Status of DS&WC Operation Reviews and DWQ Inspections
for 1997.**
 - A. Purpose of Operation Reviews and Inspections**
 - B. Inspection Forms Used**
 - C. Tracking System Data Base**
 - D. Coordination of Site Visits**
 - E. Numbers Of Reviews and Inspections Completed**

- 4. Operator Training and Certification Program**
 - A. Operators Trained**
 - B. Operators Certified**

- 5. General Background on Animal Waste Operations in N. C.**

Animal Operations

3035

Total Animal Operations for North Carolina

	Total Operations	Certified	Percent Certified
Cattle	362	56	15
Horses	3	0	0
Poultry	55	11	20
Swine	2615	1842	70
Totals:	3035	1909	63

Not included in above information:

Number of Animal Operations Removed from Database: 924

Number of Animal Operations Requesting Removal from Database: 238

OPERATIONS CERTIFIED AS OF OCTOBER 20, 1997 (from DWQ)

	Cattle	Horses	Poultry	Swine	TOTALS
REGISTERED	362	3	55	2615	3035
CERTIFIED	56	0	11	1842	1909
% COMPLETED	15%	0%	20%	70%	63%

.0200

OPERATIONS ANTICIPATED TO NOT BE COMPLETED BY DEC 31, 1997
SURVEY RESULTS

REASON:	Dairy	Swine	Poultry (Wet)	Beef	TOTAL
TECH ASSIST	44	14	1	4	63
FINANCIAL ASSIST	7	14	0	6	27
DRY LOTS GUIDANCE	0	5	0	0	5

**ESTIMATED
ADDITIONAL
ASSISTANCE** **EXPECTED
END OF YEAR**

13	50
21	6
5	

39

**ITEMS BEYOND
DISTRICTS' CONTROL**

10	10
----	----

10

**LANDOWNER'S
DECISIONS**

N/A 33	
N/A 8	
N/A 129	
N/A 87	
N/A 40	25

297

WAITING ON CONTRACTORS	11	7	2	0	20
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GOING BELOW THRESHOLD	15	11	0	7	33
PERSONAL FINANCES	3	4	0	1	8
GOING OUT OF BUSINESS	13	111	4	1	129
UNCOOPERATIVE OPERATOR	8	74	1	4	87
MISC.	5	44	15	1	65

TOTALS

106 284 23 24 437

346

91

**ANIMAL WASTE MANAGEMENT SYSTEM PERMITS
ISSUED
JANUARY 1, 1997 THROUGH OCTOBER 21, 1997**

GENERAL PERMITS FOR:

EXISTING FACILITIES:	431
NEW FACILITIES:	66
EXPANDING FACILITIES:	22
INDIVIDUAL NON-DISCHARGE PERMITS:	11
TOTAL PERMITS ISSUED:	<u>530</u>

THE DEPARTMENT IS REQUIRED TO ISSUE PERMITS TO APPROXIMATELY 20% PER CENT OF ANIMAL WASTE MANAGEMENT SYSTEMS PER YEAR FOR FIVE YEARS.

THE % OF PERMITS ISSUED BY THE DEPARTMENT FOR 1997 IS CURRENTLY AT 18%

ANIMAL WASTE MANAGEMENT SYSTEM OPERATIONAL REVIEWS AND INSPECTIONS

Both the annual Operations Review to be conducted by the staff of the Division of Soil and Water Conservation and the annual Inspections to be conducted by the staff of the Division of Water Quality are required by Senate Bill 1217 which was ratified on June 21, 1996.

The purpose of the annual Operational Reviews is to assist the owner or operator of the animal operation in complying with all permit requirements. Soil and Water reports their findings to DWQ within 10 days following the completion of the review. In cases where major violations (as defined in 143-215.10E.) are found, the violations are reported immediately to DWQ.

The purpose of the annual Inspection is to determine whether the system is causing a violation of water quality standards and whether the system is in compliance with its animal waste management plan or any other condition of the permit.

The Divisions have conducted joint training sessions for the staffs.

To insure consistency, the same standardized forms are used for both the Operational Reviews and the Inspections.

An animal waste management system data base has been developed and is utilized by both Divisions. This data base is used by both the regional office and the central office staffs.

☐ Division of Soil and Water Conservation ☐ Other Agency
☐ Division of Water Quality

☐ Routine ☐ Complaint ☐ Follow-up of DWQ inspection ☐ Follow-up of DSWC review ☐ Other

Facility Number

Date of Inspection

Time of Inspection

24 hr. (hh:mm)

☐ Registered ☐ Certified ☐ Applied for Permit ☐ Permitted

☐ Not Operational

Date Last Operated: _____

Farm Name: _____

County: _____

Owner Name: _____

Phone No: _____

Facility Contact: _____

Title: _____

Phone No: _____

Mailing Address: _____

Onsite Representative: _____

Integrator: _____

Certified Operator: _____

Operator Certification Number: _____

Location of Farm:

Latitude _____

Longitude _____

Swine	Design Capacity	Current Population
<input type="checkbox"/> Wean to Feeder		
<input type="checkbox"/> Feeder to Finish		
<input type="checkbox"/> Farrow to Wean		
<input type="checkbox"/> Farrow to Feeder		
<input type="checkbox"/> Farrow to Finish		
<input type="checkbox"/> Gilts		
<input type="checkbox"/> Boars		

Poultry	Design Capacity	Current Population
<input type="checkbox"/> Layer		
<input type="checkbox"/> Non-Layer		
<input type="checkbox"/> Other		

Cattle	Design Capacity	Current Population
<input type="checkbox"/> Dairy		
<input type="checkbox"/> Non-Dairy		

Total Design Capacity

Total SSLW

Number of Lagoons / Holding Ponds: _____

☐ Subsurface Drains Present

☐ Lagoon Area

☐ Spray Field Area

☐ No Liquid Waste Management System

General

1. Are there any buffers that need maintenance/improvement?

☐ Yes ☐ No

2. Is any discharge observed from any part of the operation?

☐ Yes ☐ No

Discharge originated at: ☐ Lagoon ☐ Spray Field ☐ Other

a. If discharge is observed, was the conveyance man-made?

☐ Yes ☐ No

b. If discharge is observed, did it reach Surface Water? (If yes, notify DWQ)

☐ Yes ☐ No

c. If discharge is observed, what is the estimated flow in gal/min?

d. Does discharge bypass a lagoon system? (If yes, notify DWQ)

☐ Yes ☐ No

3. Is there evidence of past discharge from any part of the operation?

☐ Yes ☐ No

4. Were there any adverse impacts to the waters of the State other than from a discharge?

☐ Yes ☐ No

5. Does any part of the waste management system (other than lagoons/holding ponds) require maintenance/improvement?

☐ Yes ☐ No

6. Is facility not in compliance with any applicable setback criteria in effect at the time of design?

☐ Yes ☐ No

7. Did the facility fail to have a certified operator in responsible charge?

☐ Yes ☐ No

Facility Number: -

8. Are there lagoons or storage ponds on site which need to be properly closed? ☐ Yes ☐ No

Structures (Lagoons, Holding Ponds, Flush Pits, etc.)

9. Is storage capacity (freeboard plus storm storage) less than adequate? ☐ Yes ☐ No

Structure 1 Structure 2 Structure 3 Structure 4 Structure 5 Structure 6

Identifier:

Freeboard (ft):

10. Is seepage observed from any of the structures? ☐ Yes ☐ No

11. Is erosion, or any other threats to the integrity of any of the structures observed? ☐ Yes ☐ No

12. Do any of the structures need maintenance/improvement? ☐ Yes ☐ No

(If any of questions 9-12 was answered yes, and the situation poses an immediate public health or environmental threat, notify DWQ)

13. Do any of the structures lack adequate minimum or maximum liquid level markers? ☐ Yes ☐ No

Waste Application

14. Is there physical evidence of over application? ☐ Yes ☐ No

(If in excess of WMP, or runoff entering waters of the State, notify DWQ)

15. Crop type

16. Do the receiving crops differ with those designated in the Animal Waste Management Plan (AWMP)? ☐ Yes ☐ No

17. Does the facility have a lack of adequate acreage for land application? ☐ Yes ☐ No

18. Does the receiving crop need improvement? ☐ Yes ☐ No

19. Is there a lack of available waste application equipment? ☐ Yes ☐ No

20. Does facility require a follow-up visit by same agency? ☐ Yes ☐ No

21. Did Reviewer/Inspector fail to discuss review/inspection with on-site representative? ☐ Yes ☐ No

22. Does record keeping need improvement? ☐ Yes ☐ No

For Certified or Permitted Facilities Only

23. Does the facility fail to have a copy of the Animal Waste Management Plan readily available? ☐ Yes ☐ No

24. Were any additional problems noted which cause noncompliance of the Certified AWMP? ☐ Yes ☐ No

25. Were any additional problems noted which cause noncompliance of the Permit? ☐ Yes ☐ No

☐ No violations or deficiencies were noted during this visit. You will receive no further correspondence about this visit.

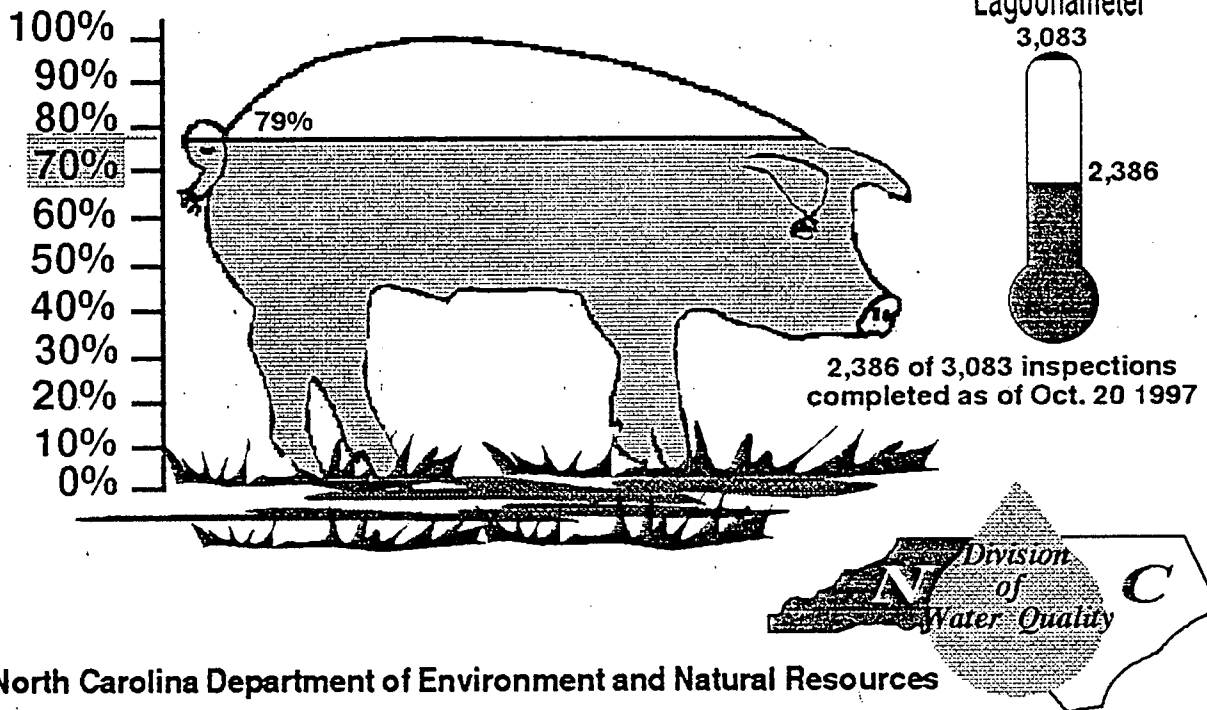
Comments (refer to question #): Explain any YES answers and/or any recommendations or any other comments. Use drawings of facility to better explain situations. (use additional pages as necessary):

7/25/97

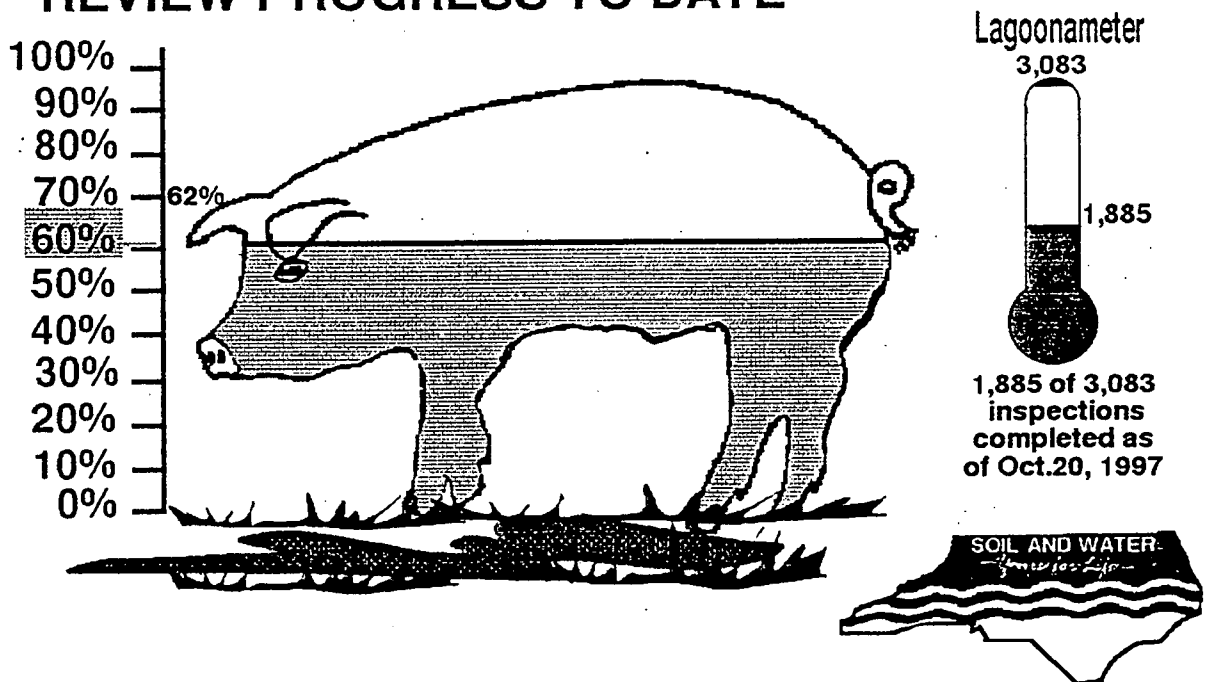
Reviewer/Inspector Name

Reviewer/Inspector Signature: Date:

DIVISION OF WATER QUALITY NUMBER OF 1997 ANIMAL INSPECTIONS COMPLETED TO DATE



DIVISION OF SOIL & WATER NUMBER OF 1997 OPERATIONS REVIEW PROGRESS TO DATE



**THE REGULATION OF ANIMAL WASTE MANAGEMENT SYSTEMS IN
THE STATE OF NORTH CAROLINA
October 21, 1997**

NCGS 143-215.1

In accordance with North Carolina Statutes, all wastewater treatment systems that apply waste to the land or discharge to the surface waters must have a permit from the Environmental Management Commission (EMC).

This includes the treatment of waste from animal facilities.

15A NCAC 2H .0217

Prior to February 1, 1993, waste treatment systems for animal operations were deemed permitted by EMC Rules as nondischarge facilities as long as they did not discharge to the surface waters.

Permitting by Rule was just as valid and enforceable as the issuance of an individual permit.

Due to the rapid growth of the animal industry in North Carolina a need was identified to modify the Rules. On February 1, 1993 changes to 2H .0217 became effective.

Animal facilities could still be deemed permitted but only if certain additional conditions were met. In addition to the no discharge requirements, some other conditions were:

Facilities with more than the following numbers of animals were required to register with the Division prior to December 31, 1993:

swine	250
cattle	100
poultry (with liquid waste systems)	30,000
sheep	1,000
horses	75

These facilities were also required to have an approved animal waste management plan prior to December 31, 1997.

These rules allowed the Director to determine on a case by case basis that a facility should not be deemed permitted and require them to apply for an individual nondischarge permit.

1995 General Assembly

During the summer of 1995 there were several major discharges from animal waste lagoons which resulted in fish kills and impacts on coastal waters. These discharges along with concerns for the continued rapid growth of the animal industry in the state, resulted in major new legislation

Some of the major legislation from 1995 was as follows:

The Swine Farm Siting Act (**Senate Bill 1080**) established greater buffer distances for swine houses, lagoons, and land application areas which are sited after October 1, 1995. The new required buffers were:

At least 1,500 feet from a new swine house or lagoon to the nearest occupied residence

At least 2,500 feet from a new swine house or lagoon to a school, hospital, or church

At least 100 feet from a new swine house or lagoon to a residential property line

At least 50 feet from the outer perimeter of the land application area to a residential property line

At least 50 feet from the outer perimeter of the land application area to a perennial stream or river

Senate Bill 974 was passed requiring any swine facility with 250 or more swine to have a certified operator by January 1, 1997.

The Blue Ribbon Commission on Agricultural Waste was created and directed to bring recommendation for needed changes to the 1996 General Assembly

1996 General Assembly

Senate Bill 1217 (An Act to Implement Recommendations of the Blue Ribbon Commission on Agricultural Waste) made some major changes. They include the following:

All facilities required to have an animal waste management plan as per 2H .0217 were required to apply for and receive a receive coverage under a general permit and pay an annual fee of from \$50 - \$200.

After January 1, 1997, all new and expanding facilities must apply for and receive coverage under the appropriate General Permit prior to construction.

Beginning January 1, 1997, least 20% of the existing facilities must be issued coverage under the General Permit each year.

An approved Animal Waste Management Plan must be part of the permit application package. The Statute added additional required items to the Plan.

Beginning January 1, 1997, the Division of Water Quality was directed to conduct annual inspections of all animal waste management facilities required to have a general permit.

The Division of Soil and Water Conservation was directed to conduct annual Operations Reviews of all animal waste management facilities required to have a general permit.

In addition to swine facilities, cattle facilities and poultry systems with 30,000 or more confined poultry with a liquid animal waste management system were required to have a certified operator by January 1, 1997.

Effective October 1, 1996, the distance from a swine house or lagoon to any boundary of property on which an occupied residence is located was increased from 100 to 500 feet.

Beginning June 21, 1996, any person wishing to construct a new or expanded swine farm must notify all adjoining property owners.

For the first time poultry operations with dry litter systems were required to develop and comply with an animal waste management plan. These plans however are not required to be as comprehensive as those for wet systems or to be certified by a technical specialist. These plans were to be in place by January 1, 1998. This date was extended by Senate Bill 352 in 1997 to January 1, 2000.

1997 General Assembly

During 1997, the General Assembly continued to review the issue of Animal Waste and ratified **House Bill 515** which contained the following:

A moratorium on the Construction or Expansion of Swine Farms. This provision establishes a moratorium on all new or expanding operations with 250 or more animals. The bill is written to make the moratorium effective March 1, 1997. However, there are several exceptions to the moratorium which apply to all areas of the state with the exception of Moore County. None of the exceptions are applicable in Moore County. The exceptions allow for:

Construction for repairs, in kind replacements or as required to comply with applicable animal waste management rules.

Construction to bring the capacity of the facility up to its design capacity.

Construction or expansion for facilities for which permits were issued prior to the effective date of the legislation (8/27/97).

Construction or expansion if the owner has, prior to March 1, 1997, either:

Laid a foundation for a component of the swine farm, lagoon or animal waste management system;

Entered into a "bona fide" written contract for the construction or expansion of the swine farm, lagoon, or animal waste management system; or

Been approved for a loan or line of credit to finance the construction or expansion and has obligated or expended funds.

Construction of an innovative animal waste management system that does not employ an anaerobic lagoon.

Siting Act Amendments: This provision of the Bill modified the siting act requirements established in SB1217. The new setbacks apply only to new and expanding facilities for which construction does not begin until after August 27, 1997.

Setbacks of 2500 feet now apply to outdoor recreational facilities, parks, historic properties and child care centers.

Lagoons must be setback 500 feet from any well providing water for human consumption, except for those wells supplying water to the same parcel(s) or adjacent parcels of land under common ownership on which the swine house or lagoon is located.

A 75 foot setback is required from the outer perimeter of the land application area, from property boundaries on which an occupied residence is located and from any perennial stream or river (other than an irrigation ditch or canal).

No component of the liquid waste management system may be constructed within the 100 year flood plain. Application of animal waste in the flood plain is allowed.

Notification requirements for new and expanding operations were expanded to include notification of the county (county manager or chair of the board of commissioners) and local health department director.

Violation Points System for Swine Farms: requires the EMC to develop a violation point system applicable to swine farms. The system must establish the number of points which would result in permit revocation, the duration of the revocation and conditions under which an entity whose permit has been revoked may apply for another permit. This section of the bill also requires the development of a recommended system of civil penalties applicable to integrators of swine operations. Implementation of these provisions will occur after the development process has been completed.

Agricultural Zoning by Counties: HB 515 allows the counties to adopt zoning ordinances for swine farms having a design capacity of greater than or equal to 600,000 pounds steady state live weight. However, the ordinances may not have the effect of excluding all swine farms of this size from their jurisdiction nor prohibit the continued existence of a farm.

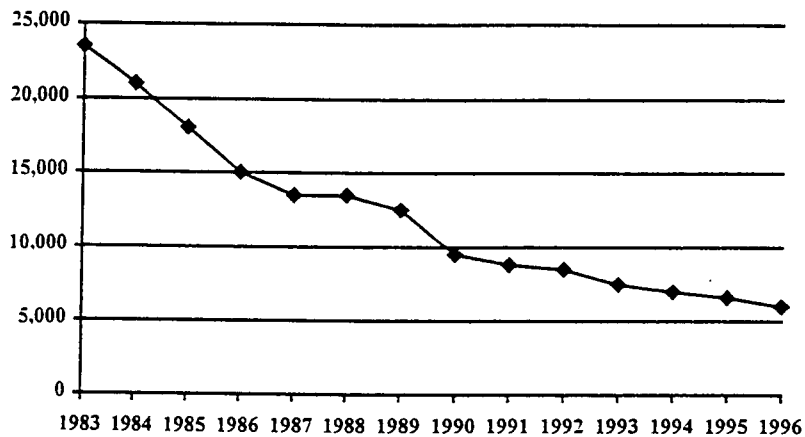
Odor Control: requires the department to develop and adopt economically feasible odor control standards by March 1, 1999.

COMPARISON OF THE
TOTAL NUMBER OF HOG OPERATIONS
AND THE
TOTAL HOG POPULATION
1983 - 1996

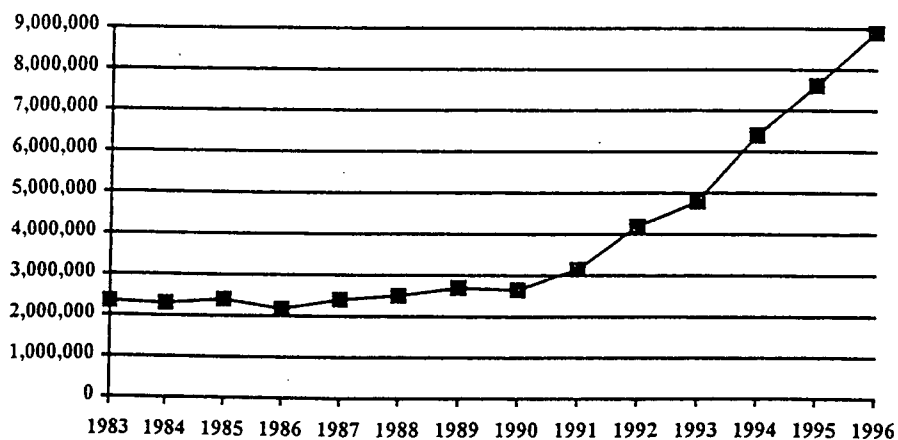
Source of Data: NC Department of Agriculture

Total Number of Hog Operations

(includes any farm in NC with one or more hogs on hand anytime during the year)



Total Hog Population
(as of June 1st of each year)



NC HOG STATISTICS 1983 - 1996

Total Number of Hog Operations (includes any farm in NC with one or more hogs on hand anytime during the year.)

YEAR	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	% CHANGE FROM 1983-1996
1-99 Hogs	21,300	19,000	15,800	13,100	11,700	11,700	10,800	7,900	7,100	6,700	5,700	5,000	4,400	4,000	-81%
100-499 Hogs	1,400	1,300	1,300	1,100	960	950	870	750	700	650	580	550	460	310	-78%
500-999 Hogs	800	700	900	800	320	320	300	280	300	300	280	280	260	190	-76%
1000-1999 Hogs	No Data Available				520	530	510	570	700	350	320	350	380	300	-42%
2000+ Hogs	No Data Available				No Data Available					500	620	820	1,100	1,200	140%

Note

- Generally, operations with less than 1,000 head are independent operations. Operations over 1,000 head are usually involved in a contract operation.
- Contract operations account for 93 percent of the total number of hogs while independent growers account for only about 7 percent of the total number of hogs.

Total Hog Population as of June 1st of Each Year

YEAR	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	% CHANGE FROM 1983-1996
Total # of Hogs	2,350,000	2,300,000	2,400,000	2,175,000	2,400,000	2,550,000	2,700,000	2,650,000	3,150,000	4,200,000	4,800,000	6,400,000	7,600,000	8,900,000	299%

- The number of hogs has increased four-fold, or almost 300%, since 1983.

Source of Data: NC Department of Agriculture and the NC Department of Environment, Health, and Natural Resources

SUMMARY ON THE STATUS OF:

LEAKING PETROLEUM UNDERGROUND STORAGE TANKS PROGRAM

- **Senate Bill 1012** passed July 1995 provided among other items for:
 - 41 positions to perform technical oversight at UST cleanups and inspections as well as educational outreach to the regulated community
 - Operating permit for commercial UST facilities
 - To adopt risk-based rules for assessment, prioritization and cleanup of discharges and releases from petroleum USTs
 - Identify and evaluate the risk posed by abandoned petroleum USTs
 - Evaluate the need for certified Professional Engineers (P.E.) or Licensed Geologists (L.G.) to certify closure activities for UST sites
- **S B 1317** passed June 1996 provided for:
 - Suspension of activities at low priority sites
 - To study options for privatization of the program
- **Positions were created** and are fully operational
- **Operating permits were issued since January 1996 with 10,200 permits issued every year**
- **Risk-based rules have been adopted by the EMC** and temporary rules will become effective on January 2, 1998. Final rules will become effective in August 1998
- **The study on abandoned petroleum USTs was completed and a report submitted.** It was estimated that there are approximately 2100 sites with abandoned tanks it will cost about \$65 million to clean up
- **The study on certified P.E. and L.G. signing closure reports was completed and a report submitted** showing an 85% compliance rate
- **Activities on 77% of the UST sites were suspended** in June 1996. The effect of this has only been reflected in claims against the STF since April 1997 because the lagtime between work performed and claims submitted is about nine months
- **The study on privatization of the UST program was completed** by a committee made up of members in private industry and the office of the State Auditor. The committee concluded not to consider privatization at this time but possibly consider this in 1999 when changes like risk-based rules have been in effect for some time and the solvency of the STF has been addressed

- **Outreach Activities see - attached list**
- **Compliance Assistance Program was launched in March 1997** which provides owners with the opportunity to request a complimentary site visit without fines or penalties assessed
- **UST Inspections performed in FY97:** 3,408
- **UST Incidents reported to date:** 11,419
- **Number of UST sites closed:** 2,601
- **Number of UST sites remaining:** 8,818
- **Number of new UST incidents reported per month:** 105
- **Balance in Funds as of 10/13/97**

Commercial Fund:	\$7,829,041
Noncommercial Fund:	\$8,160,995
- **Pending claims**

Commercial Fund:	\$12,072,595
Noncommercial Fund:	\$2,630,628
- **Annual Revenue**

Commercial Fund:	\$30,000,000
Noncommercial Fund:	\$5,500,000
- **Annual Expenditures (FY97)**

Commercial Fund:	\$46,786,613
Noncommercial Fund:	\$6,725,942
- **50% Checks cut upon receipt of claim were abolished on 7/28/97**
- **Preapprovals of cleanups were initiated on 9/1/97**
- **All outstanding claims were to be submitted by 9/1/97.**
- **Turnaround time on claims submitted:**

Claims submitted correctly (95% of claims)	60 day average
Claims submitted incorrectly/incomplete	81 day average

State of North Carolina
Department of Environment,
Health and Natural Resources
Division of Water Quality

James B. Hunt, Jr., Governor
Wayne McDevitt, Secretary
A. Preston Howard, Jr., P.E., Director



**EFFORTS BY THE N.C. DIVISION OF WATER QUALITY (DWQ) TO INFORM
REGULATED COMMUNITY OF UNDERGROUND STORAGE TANK RULES
SINCE JULY 1995**

July 1995	Mailed letter to owners of USTs containing used/waste oil explaining the acceptable methods of leak detection for these types of tanks.
August 1995	Maintained a booth at the Southeast Petro-Food Exposition which is sponsored by the N.C. Petroleum Marketers Association (NCPMA) and the N.C. Association of Convenience Stores. DWQ staff were available throughout the exposition to answer questions. Also maintained booth at the 1996, and 1997 expositions.
October 1995	Mass mailing of letter to UST owners explaining changes to UST programs as a result of Senate Bill 1012. The letter explained the new operating permit program and changes to the State Trust Funds. A booklet designed to prepare owners and operators for compliance inspections was also mailed with the letter.
December 1995	Mass mailing of flyers to all registered tank owners explaining the operating permit program.
December 1995	Mass Mailing of permit applications to all registered tank owners.
January 1996	The "Don't wait to 1998 until Upgrade" slogan added to UST outreach materials and operating permit documents.
January 1996	Began educational inspections of non-retail facilities informing of compliance criteria and pending operating permit deadline.
February 1996	Mass mailing of notice to trade organizations soliciting their help in informing their members of the pending operating permit deadlines.
March 1996	Two news releases by the Associated Press concerning commercial and farm UST owners and the deadline for obtaining an operating permit.
April 1996	Mailing of notice to State agencies with USTs concerning the deadline for obtaining an operating permit.

April 1996	Mass mailing of Public Service Announcements regarding the operating permit program requirement to various radio stations throughout North Carolina.
April 1996	Presentation provided to the North Carolina Petroleum Equipment Contractor Association. Topics included State Trust Fund solvency and the UST Operating Permit Program.
April 1996	Mass mailing of notice on Open Net Telecast and Community College location for closed circuit viewing to all registered tank owners.
May 1996	First Telecast via Open Net to address permitting requirements for UST owners. (One hour broadcast)
May 1996	Second Telecast via Open Net and 12 Community Colleges via closed circuit to address detailed discussion of permitting requirements and other UST issues throughout North Carolina. (Two hour broadcast)
February 1997	Prepared article concerning UST compliance for the N.C. Water Pollution Control System Operators Certification Commission newsletter, "The Clarifier".
March 1997	The first issue of the Groundwater Section's semi-annual Newsletter, "Tank Talk" was mailed to all registered owners/operators and consultants.
March 1997	DWQ initiated a new education program called the Compliance Assistance Program ¹ . It provides UST owners and operations with the opportunity to request a complimentary site visit. No fines or penalties are assessed for problems found, however all deficiencies must be corrected. This program is available to all UST owners and operators. A Fact Sheet and request form for the Compliance Assistance Program was sent to all 1 and 2 facility owners in April 1997. A postcard reminder of the Compliance Assistance Program was sent out at the end of April 1997. The program was also advertised in the NCPMA newsletter.
April 1997	Two training sessions for Duke Power maintenance staff, one in Greensboro and one in Charlotte. Topics included State Trust Fund solvency, leak detection monitoring and compliance with 1998 requirements.
May 1997	UST Owner/Operator Day held in Greensboro in conjunction with the NCPMA. Topics included State Trust Fund solvency, leak detection monitoring and compliance with 1998 requirements. Notice of this event was mailed to all UST owners.

May 1997	U.S. Environmental Protection Agency sent a letter to registered UST owners in North Carolina indicating that they would not extend the 1998 deadline and that existing tanks should be replaced or upgraded as soon as possible to avoid delays in getting tanks and other equipment delivered and installed, and to avoid higher costs for equipment and services.
June 1997	Training provided for Department of Public Instruction and County school systems maintenance staff. Topics included discussion on "regulated" versus " non-regulated" USTs and compliance issues (i.e. leak detection, corrosion protection, spill & overfill, and proper closure procedures).
June 1997	Provided article for N.C. Department of Agriculture newsletter concerning the requirements that owners of USTs at farms and residents must met.
June 1997	Training for UST owners and operators at Wake Tech Community College and Lenior Community College. Topics included State Trust Fund solvency, leak detection monitoring and compliance with 1998 requirements.
June 1997	Groundwater webpage was placed on the Internet. The webpage includes information on compliance with UST regulations and links to other sources of UST information.
July 1997	Presentation concerning the proposed Risk-Based Corrective Action Rules was provided to the N.C. Convenience Store Association.
October 1997	Presentation was provided to the Kinston Board of Realtors concerning the regulatory requirements on home heating oil tanks and State Trust Fund issues.

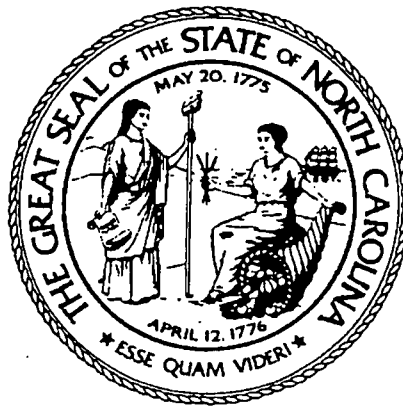
NOTE:

1. As of September 2, 1997 a total of approximately 900 Compliance Assistance visits had been requested by tank owners.

Semi-Annual Report to the
North Carolina General Assembly

**The Status of Leaking Petroleum Underground
Storage Tanks, The State Cleanup Funds, and
Groundwater Protection Loan Fund**

September 1, 1997



Groundwater Section
Division of Water Quality
Department of Environment and Natural Resources

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PROGRAM SUMMARY

The Department of Environment and Natural Resources (DENR) is required to prepare a semi-annual report on the status of leaking petroleum underground storage tanks (USTs).

The program was initiated in 1988 in response to growing reports of underground tanks leaking petroleum and other chemicals onto the surface and into drinking water supplies. Backed by enforcement powers and some funding, the program was placed with the Division of Water Quality (DWQ) formerly called the Division of Environmental Management in DENR.

Mid-1980s estimates of the number of USTs ranged into the hundreds of thousands. Early estimates of the number of tanks which could be or would be threats to the environment and public health were just as vague. Extensive research over several years has given the numbers a more reliable perspective.

Presently, North Carolina has 37,776 known commercial USTs. The number of noncommercial USTs is incalculable since registration of these tanks is not required. An estimate of 250,000 tanks is used as a working figure.

Funding for the North Carolina UST program comes from four sources: the Federal UST Regulatory Grant program, the Federal Leaking UST Fund, and North Carolina's Commercial and Noncommercial Leaking Petroleum UST Cleanup Fund (Trust Funds). The purpose, income, and guidelines are described on pages 3 - 5.

The revenue sources for the Commercial Fund were sufficient to cover reimbursement requests for cleanups through June 30, 1997. Sources of revenue are tax collection, fees, interest and the Loan Fund; creating a cash balance in the fund of \$11.7 million by the end of fiscal year 1997 (June 30, 1997). Requests for reimbursements and administrative expenses totaled \$46.8 million during fiscal year 1997. However, annual revenue during this time period were only \$28.5 million. If the present rate of reimbursement continues, the fund will be depleted by the end of 1997.

The revenue sources for the Noncommercial Fund were sufficient to cover reimbursement requests for the cleanups through June 30, 1997. The cash balance in the Noncommercial Fund as of June 30, 1997 was \$8.5 million. Requests for reimbursements and administrative expenses totaled \$6.7 million during fiscal year 1997. Annual revenue during this time period was \$5.6 million.

Senate Bill (S.B.) 1317, enacted on June 21, 1996, addressed the solvency of the cleanup funds by suspending cleanup activities at low priority sites until risk assessment rules become effective. Risk assessment rules were required to be published by January 1, 1997 and are required to be adopted by October 1, 1997. The rules were published in the North Carolina Register on February 3, 1997. The risk-based rules then went through a public comment period and have been revised to reflect the comments. The risk-based rules will be submitted to the Environmental Management Commission

(EMC) for approval in September.

Senate Bill 1317 also increased tank fees from \$150 to \$200 for small tanks (3,500 gallons or less) and from \$225 to \$300 for large tanks (more than 3,500 gallons). These fees have been applied retroactively during the regular billing cycles throughout 1997. The full effect of this increased revenue will not be realized until the end of 1997.

There were 597 leaking USTs reported during the first six months of 1997, which is a decrease from the 803 leaks reported during the previous six months.

As of June 30, 1997, a total of 2,415 sites have been *closed* (completed cleanup activities). This equates to 22.6 percent of the 10,682 leaks reported. Groundwater contamination was originally reported at 170 of the closed out sites.

DWQ has assigned 104 staff members to the UST program -- state money supports 72 positions and 32 are supported by federal money.

The Groundwater Section is continuing to increase outreach activities with the approach of the 1998 UST deadlines for the addition of corrosion protection and spill/overfill prevention equipment for older USTs. In addition, outreach activities and compliance inspections have continued promoting leak and spill prevention.

DWQ estimates that \$50 million in reimbursement requests can be processed during FY 1998 if sufficient resources are provided. This includes both the Commercial and Noncommercial Funds and is based on the claim amount processed during FY 1997.

With requests for reimbursement far out pacing revenue and closeout activities, DWQ estimates it will take \$590 million to remediate known leaking Commercial and Noncommercial UST sites, with some sites requiring years of cleaning activity.

As required by legislation, this report includes the following:

- (1) A list of all discharges or releases of petroleum from underground storage tanks;
- (2) A list of cleanups requiring state funding through the Noncommercial Fund and a comprehensive budget to complete such cleanups;
- (3) A status list of all cleanups undertaken by tank owners or operators;
- (4) A statement of receipts and payments for both the Commercial Fund and Noncommercial Fund;
- (5) A statement of all claims against the Commercial Fund and the Noncommercial Fund -- claims paid, claims denied, pending claims, anticipated claims, and any other obligations;
- (6) The adequacy of the Commercial Fund and the Noncommercial Fund to carry out the purposes of this Part; and any recommendations as to measures that may be necessary to assure the continued solvency of the Commercial Fund and the Noncommercial Fund; and
- (7) A statement of the condition of the Loan Fund and a summary of activity under the Loan Fund.

GENERAL OVERVIEW

AN OVERVIEW OF THE STATUS OF FEDERAL AND STATE FUNDS TO DEAL WITH LEAKING UNDERGROUND STORAGE TANKS

The responsibility for the state's underground storage tank (UST) program rests with the Groundwater Section of the Division of Water Quality within DENR. The state enforces UST regulations and manages funds for cleanup of leaks and associated costs.

This report documents the status of the Federal UST Regulatory Grant program, the Federal Leaking UST Fund, the Commercial Cleanup Fund, the Noncommercial Cleanup Fund and the Groundwater Protection Loan Fund.

Federal UST Regulatory Grant Program

This program promotes compliance with UST regulations. It provides the state's Groundwater Section with \$162,500 to \$188,000 per year to fund three positions in the DWQ central office. This staff provides technical assistance to the owners and operators of USTs, develops materials, conducts educational activities for interested groups, trains DWQ regional staff and conducts UST inspections.

Federal Leaking UST Fund

The Federal Leaking UST Trust Fund (FTF) is used to clean up petroleum contamination from leaking USTs, provide potable water to affected third-parties, perform emergency activities, relocate residents and conduct enforcement activities. This fund is limited to USTs regulated by federal agencies -- primarily commercial tanks used for storing motor fuels. Tanks used for heating oil and those used for farm or residential use (those of 1,100 gallons capacity or less) cannot be addressed using this fund.

Individuals (i.e., owners/operators) do not have access to the fund. Only the federal government and states with cooperative agreements with Environmental Protection Agency (EPA) can draw on the fund. The fund may be used in those situations when: (1) the responsible party(ies) cannot be identified; (2) the responsible party(ies) are financially unable to pay for the cleanup; or (3) the responsible party(ies) are unwilling and refuse to undertake assessment and/or cleanup activities.

Since the state's UST program began, the Federal Leaking UST Fund has made 10 grant awards totaling \$20,377,116 to the state's Groundwater Section to underwrite the costs involved. As of June 30, 1997, the state has expended a total of \$19,609,906 from these awards. Of this amount, \$9,940,038 has been spent for cleanup-related activities, \$1,486,389 for enforcement activities: which include identifying a potential owner/operator; owner/operator financial assessments; issuance of notices of regulatory requirements and notices of violation; formal enforcement actions (including civil penalties); special

orders by consent; all activities associated with the oversight of owner/operator cleanups (responsible party-led actions); and all activities associated with the development and support of cost recovery cases. Administrative, operating, travel and equipment casts total \$8,183,480.

In Fiscal Year (FY)95 the FTF received \$2,731,871 in grants (including amendments). The following year the program only received \$1,557,320 to fund the program. In FY97, the FTF received a total of \$2,011,056 in funding. The reduction in the FY96 allocation, and the somewhat lesser reduction in the FY 97 allocations have substantially impacted the Federal Trust Fund Program. These reductions reduced the ability to perform state-lead site assessments, remedial actions, and to provide alternate water supplies to affected residents. The FTF is projected to receive \$1,777,476 in FY98, which will again limit the working abilities of the program.

North Carolina Commercial and Noncommercial Trust Funds

The Leaking Petroleum Underground Storage Tank Cleanup Act of 1988* established two separate funds -- the Commercial Trust Fund and the Noncommercial Trust Fund. Both may reimburse owners and operators of USTs for reasonable and necessary costs incurred as a result of environmental cleanup actions and third-party liability claims.

Funding for the Commercial Trust Fund is generated through motor fuel and kerosene inspection tax, excise taxes on kerosene and motor fuel sales and annual payment of tank operating fees. Owners and operators of commercial tanks are required to pay annual tank operating fees. The owners/operators of noncommercial tanks are not required to pay these operating fees. Annual kerosene and motor fuel inspection tax is one source of revenue for the Noncommercial Fund. Beginning January 1, 1995, the Noncommercial Fund also receives 3/32 of one-half cent of taxes on kerosene and motor fuel sales.**

The funding from the Commercial, Noncommercial and the EPA grant, enable the staff to:

- record and track groundwater incidents;
- register commercial USTs and manage a database and annual tank fee payment;
- identify responsible parties;
- provide technical assistance to tank owners and operators;
- monitor site cleanup;
- review site assessments and corrective action plans;
- review reimbursement claim procedures;
- manage contracts for cleanups designated as State lead;
- inspect and monitor for land applications of contaminated soil;
- identify and evaluate abandoned petroleum USTs; and
- evaluate the effectiveness of Professional Engineers and Licensed Geologists to certify closure of UST sites.

* General Statute (G.S.) 143-215.94A et.seq.

** House Bill (H.B.) 681 of 1993

DWQ has the authority to contract for the cleanup of leaking USTs if the owner or operator cannot be identified or located, or if the owner or operator refuses to clean up the site. In such cases, the Groundwater Section is authorized by General Statute to recover costs it incurs in a cleanup.

Income Status of the Cleanup Funds

The Commercial Fund receives approximately \$28.5 million annually from: an inspection fee on motor fuel and kerosene (\$2.9 million); a portion of the motor fuels excise tax (\$13.4 million); and annual tank fees (\$10.8 million). Interest on this account amounts to approximately \$1.3 million, increasing the annual revenue to \$28.5 million. As of June 30, 1997, the fund has received a total of \$184.2 million since 1988.

The Noncommercial Fund receives its support from motor fuel and kerosene inspection tax (\$2.9 million), and a portion of the motor fuels excise tax (\$2.1 million). Including interest, the Fiscal Year 1997 revenue for the Noncommercial Fund was 5.6 million. As of June 30, 1997, the fund has received a total of \$35.9 million since 1988.

Disbursements of Clean-up Funds

From July 1988 through June 30, 1997, approximately \$164.3 million was paid out of the Commercial Fund and \$22.6 million from the Noncommercial Fund for cleanups. The administrative costs for the same period totals \$14.4 million. Details on expenditures are covered in tables on pages 9 and 10 in this report.

PART I

LIST BY DENR REGIONS OF DISCHARGES OR RELEASES OF PETROLEUM FROM UNDERGROUND STORAGE TANKS

The table below lists the number of discharges or releases reported to the Division of Water Quality Regional Offices since the Leaking Petroleum Underground Storage Tank Cleanup program began in 1988.

DISCHARGES OR RELEASES REPORTED BY REGION JANUARY 1, 1997 - JUNE 30, 1997 AND JULY 1, 1988 - JUNE 30, 1997

<u>REGIONS</u>	<u>1/1/97 - 6/30/97</u>	<u>7/1/88 - 6/30/97</u>
Asheville	44	1,172
Fayetteville	25	693
Mooreville	198	2,203
Raleigh	79	2,076
Washington	53	1,376
Wilmington	59	649
Winston-Salem	<u>139</u>	<u>2,513</u>
TOTAL	597	10,682

Total reported releases where groundwater was impacted that have been closed out	170
Total reported releases that have been closed out	2,415
Total remaining sites requiring remediation	8,267*
Estimated number of sites requiring remediation that are commercial sites**	7,027*
Estimated number of site requiring remediation that are noncommercial sites**	1,240*

*S.B. 1317 suspended activities at low priority sites until risk-based rules are implemented. This suspension of activities applies to 81 percent of the sites. Certain types of remediation, such as free product, are still being required.

**Based on past data, approximately 85 percent of the reported releases are from commercial sites while the other 15 percent are from noncommercial sites.

PART II

ESTIMATE OF INCIDENT CLEANUPS OF NONCOMMERCIAL SITES BY DENR REGION FOR THE PERIOD: JANUARY 1, 1997 – JUNE 30, 1997

The cleanup process can easily extend over several years and the costs may vary greatly. An average cost of \$62,500 was used as an estimate of cleanup costs for noncommercial sites.

<u>REGION</u>	<u>INCIDENTS*</u>	<u>TOTAL ESTIMATED CLEANUP COST</u>
ASHEVILLE	6	\$ 375,000
FAYETTEVILLE	4	250,000
MOORESVILLE	30	1,875,000
RALEIGH	12	750,000
WASHINGTON	8	500,000
WILMINGTON	9	562,500
WINSTON-SALEM	<u>21</u>	<u>1,312,500</u>
TOTAL	90	\$ 5,625,000

*Based on past data, approximately 15 percent of the reported releases are from noncommercial sites.

PART III

SUMMARY OF COMMERCIAL AND NONCOMMERCIAL CLEANUPS UNDERTAKEN BY TANK OWNERS OR OPERATORS AND THE CURRENT STATUS

July 1, 1988 - June 30, 1997

Cleanups Initiated 10,682
Closed Out 2,415

REGION: Asheville

CLEANUP INT - 1,172
CLOSED OUT - 582

REGION: Fayetteville

CLEANUP INT - 693
CLOSED OUT - 154

REGION: Mooresville

CLEANUP INT - 2,203
CLOSED OUT - 363

REGION: Raleigh

CLEANUP INT - 2,076
CLOSED OUT - 391

REGION: Washington

CLEANUP INT - 1,376
CLOSED OUT - 266

REGION: Wilmington

CLEANUP INT - 649
CLOSED OUT - 10

REGION: Winston-Salem

CLEANUP INT - 2,513
CLOSED OUT - 649

CLEANUP INT - 10,682
CLOSED OUT - 2,415

TOTAL SITES NOT CLOSED OUT - 8,267*

****KEY****

CLEANUP INT - site cleanup initiated
CLOSED OUT - site cleanup has been completed

"Cleanup initiated" indicates that, at a minimum, a Regional Office has completed a Pollution Incident Reporting Form (PIRF) describing the potential source of the contamination site.

*Cleanup activities at sites ranked CDE (low priority) were suspended by S.B. 1317 until risk-based rules are implemented. Suspension of activities affected 81 percent of the sites. Some cleanup activities are still required such as the removal of free product.

PART IV

STATEMENT OF RECEIPTS AND DISBURSEMENTS COMMERCIAL FUND, NONCOMMERCIAL FUND AND GROUNDWATER PROTECTION LOAN FUND

Commercial Fund

The Commercial Fund is supported by a combination of a motor fuel and kerosene inspection fee, a motor fuel excise tax and fees on commercial petroleum underground storage tanks. Effective January 1, 1993, the fee for each commercial tank of 3,500 gallon or less capacity was \$150; the fee for each commercial tank of more than 3,500 gallon capacity was \$225. Effective January 1, 1997, based on Senate Bill 1317, the fee for commercial tanks increased to \$200 for small tanks and \$300 for large tanks.

Noncommercial Fund

The Noncommercial Fund is funded by a motor fuel and kerosene inspection fee and a motor fuel excise tax.

The table below lists the receipts and disbursements for each fund from June 30, 1988 to June 30, 1997, by fiscal year.

RECEIPTS/DISBURSEMENTS FOR CLEANUPS

<u>FISCAL YEAR</u>	<u>RECEIPTS</u>		<u>DISBURSEMENTS</u>	
	<u>Commercial</u>	<u>Noncommercial</u>	<u>Commercial</u>	<u>Noncommercial</u>
FY 89	\$ 2,337,685	\$ 0.00	\$ 14,768	\$ 0.00
FY 90	5,773,632	2,905,035	79,080	0.00
FY 91	7,330,573	2,934,347	1,616,760	564,206
FY 92	13,484,008	3,018,344	4,409,229	2,143,155
FY 93	18,032,784	7,693,288	9,651,948	4,069,497
FY 94	24,438,966	3,404,086	22,904,802	2,012,312
FY 95	56,037,135*	5,194,725	37,405,510	2,900,368
FY 96	28,178,768	5,215,550	44,060,639	5,029,109
FY 97	<u>28,564,034</u>	<u>5,587,781</u>	<u>44,163,273</u>	<u>5,924,799</u>
TOTAL	\$184,177,585	\$35,953,156	\$164,306,009	\$22,643,446

* \$30,443,994 was transferred from the Loan Fund

The administrative budget for the State Trust Fund is derived from the Commercial and Noncommercial Funds. From 1989 to 1992, the legislature appropriated \$1.2 million per year (\$600,000 from each fund) for administrative costs. In 1993, the appropriated budget was increased to \$1.35 million (\$675,000 from each fund) with the addition of four inspectors to monitor contaminated soil and land application sites.

In 1995, passage of S.B. 1012 increased the appropriations for the Commercial Fund by \$2.1 million to \$2.775 million. Of this amount, \$125,000 was appropriated to identify and evaluate the potential health and environmental risks of abandoned petroleum USTs. In FY96, \$150,000 was appropriated to evaluate the effectiveness of the current practice of requiring Professional Engineers and Licensed Geologists to certify closure activities associated with UST sites. The appropriated budget for the Noncommercial Fund was also increased by \$125,000 to identify and evaluate abandoned petroleum USTs. Funds were also appropriated in the amount of \$135,000 from the Commercial Fund to the NC Department of Agriculture for 1995-96 and \$90,000 for 1996-97 to support additional inspector positions to perform annual leak compliance inspections at commercial retail outlets.

ADMINISTRATIVE EXPENDITURES

FY 1989	-	0.00
FY 1990	-	\$402,509
FY 1991	-	\$1,095,190
FY 1992	-	\$1,034,442
FY 1993	-	\$1,203,373
FY 1994	-	\$1,388,847*
FY 1995	-	\$1,332,540
FY 1996	-	\$3,106,316
FY 1997	-	\$3,424,482

TOTAL \$12,987,700

FUND BALANCE AS OF June 30, 1997

Commercial - \$11,697,153.74

Noncommercial - \$ 8,496,430.03

*The Division of Fiscal Management allowed the Groundwater Section's Pollution Control Branch (PCB) to go over budget to cover the 13th month of salary. This was allowed because in previous years PCB had not expended the full allotment. This was an effort by the General Assembly to have state employees' June paychecks returned to the distribution date of June 30, of each fiscal year, as opposed to July 1.

GROUNDWATER PROTECTION LOAN FUND

The Groundwater Protection Loan Fund revenues were provided by a 1/4-cent per gallon tax on motor fuel, to be collected from January 1, 1992 through December 31, 1994.

The Groundwater Protection Loan Fund Rules became effective on December 1, 1992. Eleven North Carolina banks signed on to administer the loan program. As of June 30, 1995, four loans totaling \$1,228,350.50 had been closed. Loans had to be funded by June 30, 1995. After June 30, 1995, remaining funds were deposited into the Commercial Fund. Loan repayments are deposited into the Commercial Fund.

	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>
1992 (Jan - Jun)	\$ 4,043,320.91	0
1992 (Jul - Dec)	5,214,191.10	0
1993 (Jan - Jun)	5,158,260.37	\$ 1,346.87
1993 (Jul - Dec)	5,619,051.10	0
1994 (Jan - Jun)	5,772,462.24	207,975.50
1994 (July - Dec)	5,214,423.02	0
1995 (Jan - Jun)	1,516,210.08*	32,299,918.51**
1995 (Jul - Dec)	0	28,677.94***
1996 (Jan - Jun)	141,390.85	0
1996 (Jul - Dec)	33,572.18	0
1997 (Jan - Jun)	45,627.72	0
TOTAL	<u>\$32,758,509.57****</u>	<u>\$32,537,918.82</u>

* \$22,866.39 received for repayment of loans

** \$31,288,889.72 was transferred to the Commercial Fund.

***Amount transferred to the Commercial Fund in September 1995.

****\$28,045.44 was received for interest on loans, and \$37,758.97 was received for repayment of loans during the period July - December 1995 but reflected in the receipts for the Commercial Fund.

PART V

CLAIMS AGAINST THE TWO CLEANUP FUNDS

Claims against both the Commercial and the Noncommercial Funds are administered on a "first come-first served" basis. The following is a statement of all claims received through June 30, 1997, for reimbursements from the Commercial and Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Funds (see Table I, Page 14).

These claims only include costs claimed to date and should not be taken as the total costs for cleanup. Costs claimed range from site assessment to complete cleanup.*

Commercial Fund and Noncommercial Fund

As of June 30, 1997, there were 8,267 open underground storage tank sites requiring additional cleanup before closure can be accomplished. Of those sites, the DWQ estimated that 7,027 (85 percent) of the releases are from commercial underground storage tanks. An estimated 20 percent (1,405) of these releases from commercial USTs will not reach the prescribed deductibles, which ranged from \$20,000 to \$75,000, therefore, the DWQ expects claims from the Commercial Fund to be submitted for 5,622 of the currently known commercial sites (see Table I, Page 14).

As of June 30, 1996, owners/operators of tanks had submitted claims for reimbursement representing only 25.3 percent of the 10,682 releases reported -- 1,877 from the Commercial Fund and 828 from the Noncommercial Fund.

Cleanup Costs

Limited information is available concerning final cleanup costs per site, making projections of the total claims against the funds difficult. Cleanup costs vary from one site to another depending on soils, hydrogeological conditions, cleanup levels and the effectiveness of the remediation technology.

Determining a "typical" cleanup cost is calculated by drawing upon the experiences of others. DWQ estimates an average cleanup cost of \$125,000 for each commercial site, based upon two key studies -- a study by Environmental Information, Ltd., Minneapolis, Minnesota,** and one by the University of Tennessee.***

* H.B. 1222 (Session Laws of 1991, c.538) excluded tank removal costs from coverage as of January 1, 1992 for commercial USTs and as of July 3, 1991 for noncommercial USTs.

** "The Underground Storage Tank Market: Its Current Status and Future Challenges." Environmental Information, Ltd., Minneapolis, Minnesota.

*** "Underground Storage Tanks: Resource Requirements for Corrective Action," University of Tennessee, Knoxville, Tennessee.

These two studies represent the best available statistical reports for comparison with the North Carolina program. The Minnesota study reported that costs vary from \$37,000 to \$250,000 in 16 states it surveyed, with an average cost of \$103,000. The more detailed Tennessee study pointed to average costs of \$175,000 for 1990, but it stated costs would decline steadily to about \$78,000 by the year 2000. That study pointed out that mandatory upgrading and replacement standards for USTs, which went into effect in 1988, would result in far lower cleanup costs by the year 2000.

The DWQ uses an estimate cost of one-half the commercial cost of cleanup for the cost of cleanup of a noncommercial site, or \$62,500.

Leak Detection and Assessment

To use prevention rather than cure, the Groundwater Section of DWQ conducts inspections of UST sites to ensure compliance with state regulations. That procedure shows promise of preventing some of the damages caused by leaking USTs before they occur. Leak detection is one way of identifying product loss before the release can contaminate large quantities of soil or reach the groundwater, thereby reducing cleanup costs.

The Section continues to promote leak and spill prevention through compliance inspections and outreach efforts. With the approach of the 1998 deadlines for the addition of corrosion protection and spill/overfill prevention equipment to older USTs, outreach efforts have increased. The Division instituted a Compliance Assistance Program for owners/operators of USTs. This program allows the owner or operator to request a compliance audit of their facility by Division staff without the threat of enforcement actions. As of June 30, 1997, a total of 619 educational visits had been performed.

Additional outreach activities performed during this period include a Owner/Operator Day co-sponsored with the Petroleum Marketers Association in which over 600 people attended, four additional public presentations, the publication and distribution of the first issue of the Groundwater Section newsletter, and the completion of the Groundwater Section Webpage. Combined, these activities set-up a means for the public to access information concerning UST issues.

The UST operating permit program, which started on January 1, 1996, was fully implemented by October 1, 1996. As of June 30, 1997, there were a total of 10,798 active permits.

TABLE I
LEAKING PETROLEUM UNDERGROUND STORAGE TANK CLEANUP FUNDS
FROM JULY 1, 1988 TO JUNE 30, 1997

COMMERCIAL FUND

	<u>NUMBER</u>	<u>COST</u>
Claims paid	7,879	\$159,332,998
Initial 50 percent of claims paid	3,088	\$ 33,048,091
Incidents denied totally (ineligible)	22	\$ 2,143,725
Claims denied partially (excessive or undocumented costs)	5,486	\$ 28,456,568
Claims pending	636	\$ 12,580,654
Contracted cleanups* (actions undertaken or completed)	110 sites	\$ 5,257,996
Anticipated claims for releases reported**	5,622***	\$535,409,000

NONCOMMERCIAL FUND

	<u>NUMBER</u>	<u>COST</u>
Claims paid	2,071	\$ 20,549,081
Initial 50 percent of claims paid	807	\$ 5,128,602
Incidents denied totally (ineligible)	3	\$ 52,188
Claims denied partially (excessive or undocumented costs)	1,240	\$ 2,724,124
Claims pending	172	\$ 2,304,596
Contracted Cleanups* (actions undertaken or completed)	43 sites	\$ 1,493,411
Anticipated claims for releases reported**	1,240	\$ 55,270,000

*Effective July 19, 1993, H.B. 1061 mandated that the Commercial Fund pay for contracted cleanup costs resulting from commercial underground storage tanks. Previously, all contracted cleanup costs were disbursed from the Noncommercial Fund. Subsequently, 20 cleanup sites have had both noncommercial and commercial designations.

**Based on past data, it is estimated that commercial incidents represent 85 percent of the reported releases and noncommercial releases represent the remaining 15 percent.

***It is estimated that 20 percent of commercial releases will not reach the prescribed deductibles which range from \$20,000 to \$75,000.

PART VI
ADEQUACY OF THE FUNDS
TO CARRY OUT THE PURPOSES OF
PETROLEUM UNDERGROUND STORAGE TANK CLEANUP

Commercial Fund

The number of reimbursement requests began rising in the summer of 1992 and continue to grow, resulting in a backlog of claims awaiting review. Both the number of claims and costs of cleanups are steadily rising.

In FY 1997, the motor excise tax deposited approximately \$13.7 million a year; other funding sources, including interest earned on invested funds and tank fees, produced another \$14.8 million for a total of \$28.5 million.(see Table II, page 18).

With the commercial fund balance of \$11,697,153 and claims pending of \$12,850,654 on June 30, 1997, a negative working balance remained. The viability of the fund (using 1996 and 1997 figures to project revenues and claims against the fund and how it influences the fund balance) is depicted in Figure 1 (see Page 19 with explanation of amounts used on Pages 20 and 21). Predictions are that the money in the fund will be depleted by the end of the calendar year.

S.B. 1317, enacted on June 21, 1996, addresses the solvency of the fund by introducing measures to reduce cleanup costs and increase revenue to the fund. Assessment and cleanup activities at UST sites categorized as low priority and with a ranking of "CDE" were suspended until risk based rules are introduced. Work at high priority sites (ranked "AB") will proceed and be reimbursed as before. Certain cleanup activities at CDE sites will still be performed. These cleanup activities include the removal of free product and actions to prevent further release or discharge of petroleum from an UST. Presently, 81 percent of the UST sites are in category CDE and suspension of activities at these sites will make a significant difference in cleanup costs. The total effect of the suspension has not been reflected in the claims received during this report period. Since S.B. 1317 was enacted, only 13.3 percent of the claims received were for work performed since the effective date of the suspension.

The average number of claims received per month since the suspension of activities is not significantly less than before. However, the dollar amount of claims received per month after the suspension of activities is 32 percent less than the dollar amounts received for the six months prior to the suspension. This is not reflected in the actual monthly expenditure because DWQ staff was diligently striving to reduce the backlog of claim and processed more claims than were received.

Effective July 19, 1993, H.B. 1061 mandated that the Commercial Fund pay for contracted cleanup costs resulting from commercial underground storage tanks. Prior to this bill, all cleanup costs,

regardless of the site, were disbursed from the Noncommercial Fund. A total of \$5,257,996 has been dispersed from the Commercial Fund for contracted state lead cleanups at 110 sites. Twenty of these sites also had some dispersement from the Noncommercial Fund prior to the July 1993 amendment.

The increase of tank fees introduced by S.B. 1317 became effective on January 1, 1997. Since tank owners/operators are invoiced using a quarterly billing cycle, this increase will only be fully implemented by October 1997. In FY97, tank fees generated \$10.8 million which is an increase of \$1.3 million from FY96. The amount generated from operating fees will be higher in FY98 when all billing periods will include the increased tank fee charges.

The effects of S.B. 1317 on the future solvency of the fund has not been included in the projections as illustrated in Figure 1 (Pages 19).

Noncommercial Fund

The Noncommercial Fund receives income from the kerosene and motor fuel inspection tax and excise tax.

G.S. 119-18 (b) states that if the amount of revenue in the Noncommercial Fund at the end of a month is at least \$5 million, one half of the motor fuel inspection tax shall be credited to the Commercial Fund and one half shall be credited to the Noncommercial Fund. If the amount of revenue in the Noncommercial Fund at the end of the month is less than this threshold amount, all the tax shall be credited to the Noncommercial Fund.

For the past fiscal year, the income from the motor fuels and kerosene inspection tax portion of Noncommercial Fund revenues was \$2.9 million. The interest income was approximately \$555,000. Starting January 1, 1995 the fund has received 3/32 of one-half cent of taxes on kerosene and motor fuel sales (motor excise tax). The excise tax has produced an income of approximately \$2.1 million for fiscal year 1997.

G.S. 119-18 (b) states that the costs of any cleanup shall be paid, to the extent funds are available, from the following sources in the order listed:

- 1) Any funds to which the State is entitled under any federal program providing for the cleanup of petroleum releases from underground storage tanks.
- 2) The Commercial Fund or the Noncommercial Fund.

Claims and contract sites approved for reimbursement from the Noncommercial Fund between January 1, 1997 and June 30, 1997 totaled \$3,062,537. In addition to reimbursements, the Noncommercial Fund is authorized to pay for cleanup actions undertaken by the Department and

cooperating federal, state and local government agencies at noncommercial sites. Prior to July 19, 1993, the Noncommercial Fund also dispersed funds for cleanups at commercial sites. The Department has seven current contracts with environmental engineering/geology contractors for the State Trust Fund Group to perform this work. The Noncommercial Fund has dispersed \$1,493,411 for cleanup at 43 sites.

The Noncommercial Fund balance was \$8,496,430 on June 30, 1997. The revenues, including interest, for fiscal year 1997 were \$5.6 million. If claims to the Noncommercial Fund continue at the current rate, the fund will be sufficient through 1997 (see Figure 2, Page 22).

TABLE II

COMMERCIAL FUND REVENUES AND EXPENDITURES FOR FISCAL YEAR 1997

Kerosene & Motor Fuel Inspection Tax	\$ 2,915,315
Motor Excise Tax	\$13,402,190
Operating (Tank) Fees	\$10,839,975*
Interest	<u>\$ 1,327,413</u>
TOTAL COMMERCIAL REVENUES	\$28,484,893
Total claims and contracted cleanups during FY97	\$44,163,274
Administrative Costs	<u>\$ 2,623,339</u>
TOTAL COMMERCIAL EXPENDITURES	\$46,786,613

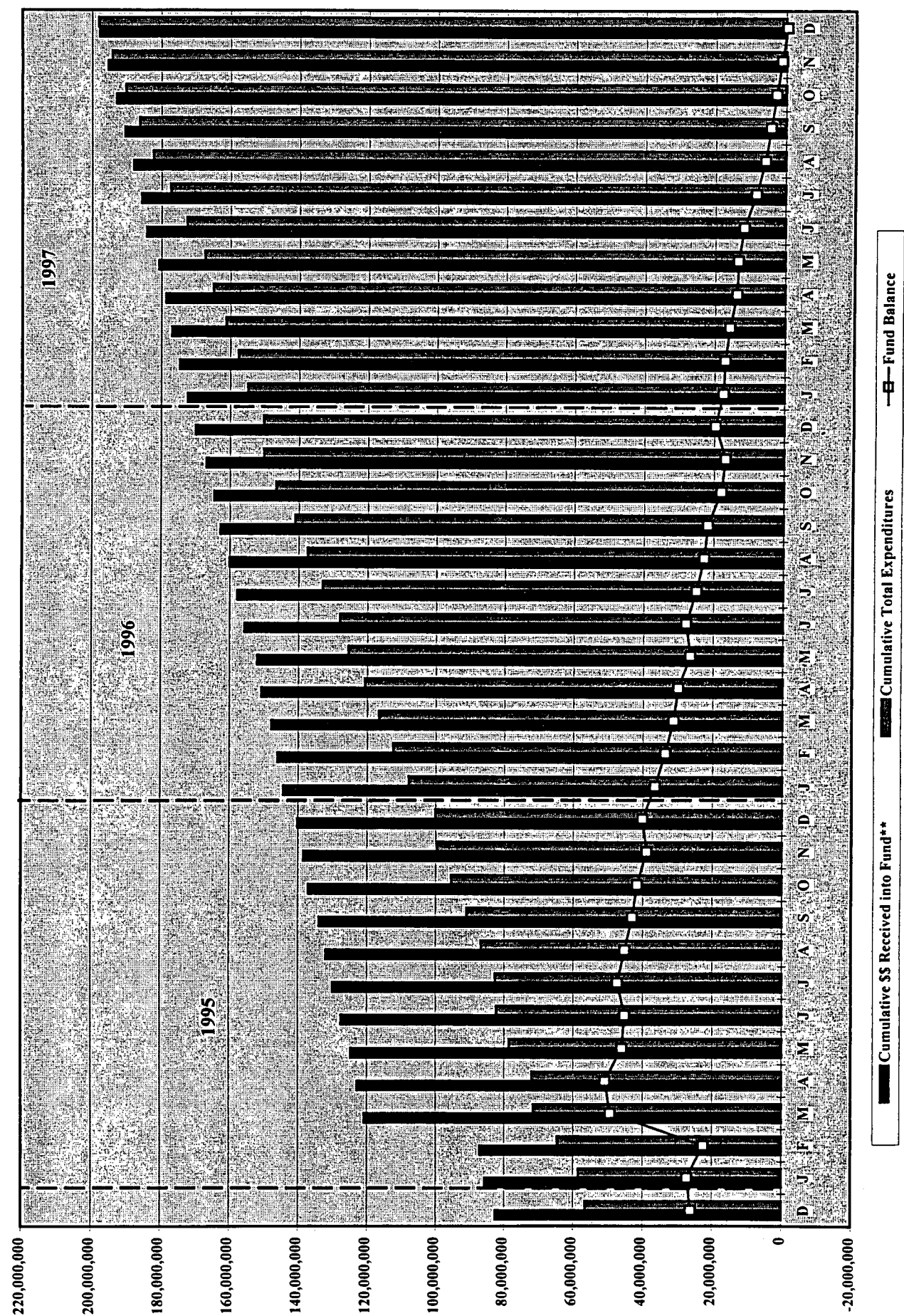
NONCOMMERCIAL FUND REVENUES AND EXPENDITURES FOR FISCAL YEAR 1997

Kerosene & Motor Fuel Inspection Tax	\$ 2,915,315
Motor Excise Tax	\$ 2,117,442
Interest	<u>\$ 555,023</u>
TOTAL NONCOMMERCIAL REVENUES	\$ 5,587,780
Total claims and contracted cleanups during FY97	\$ 5,924,799
Administrative Costs	<u>\$ 801,143</u>
TOTAL NONCOMMERCIAL EXPENDITURES	\$ 6,725,942

*Effective January 1, 1997, the fee for each commercial tank of 3,500 gallons or less capacity is \$200; the fee for each commercial tank of more than 3,500 gallon capacity is \$300. SB 1317

FIGURE 1

STATE COMMERCIAL TRUST FUND BALANCE THROUGH 1997: REVENUES vs EXPENDITURES



STATE COMMERCIAL TRUST FUND BALANCE: REVENUES vs EXPENDITURES

	1994	1995															
		J	F	M	A	M	J	J	J	A	S	O	N	D			
Administrative Costs (1)		55,523	55,523	55,523	55,523	55,523	55,523	193,553	193,553	193,553	193,553	193,553	193,553	193,553			
State Lead Sites Costs (2)		99,408	99,408	99,408	99,408	99,408	99,408	99,408	99,408	99,408	99,408	99,408	99,408	99,408			
Total Admin. + State Lead Costs		154,930	154,930	154,930	154,930	154,930	154,930	392,960	392,960	392,960	392,960	392,960	392,960	392,960			
Cumulative Total (3)	4,477,363	4,632,293	4,787,223	4,942,153	5,097,083	5,252,013	5,406,943	5,699,904	5,992,864	6,285,824	6,578,784	6,871,745	7,164,705	7,457,665			
Reimbursement Amount (4)		1,791,199	6,007,417	6,716,971	327,835	6,486,841	3,508,468	64,886	3,811,283	3,800,081	4,260,191	4,260,191	4,260,191	4,260,191			
Cumulative Total of Reimb. Amounts (5)	51,987,426	53,778,625	59,786,042	66,503,014	66,830,849	73,317,689	76,826,157	76,891,044	80,702,326	84,502,407	88,762,598	92,629,877	96,497,168	100,364,459			
Cumulative Total Expenditures (6)	56,464,788	58,410,918	64,573,265	71,445,166	71,927,932	78,569,702	82,233,101	82,590,947	86,695,190	90,788,231	95,341,382	99,501,621	100,032,749	100,032,749			
SS Received into Fund (monthly) (7)		2,961,870	1,445,920	33,682,967	2,032,770	1,826,481	2,872,718	2,392,872	1,957,162	1,954,839	3,146,807	1,491,691	1,680,281	1,680,281			
Cumulative SS Received into Fund (8)	82,612,056	85,573,926	87,019,846	120,702,813	122,735,583	124,562,064	127,434,782	129,827,654	131,784,816	133,739,655	136,886,462	138,378,153	140,058,434	140,058,434			
Cumulative Total Expenditures (6)	56,464,788	58,410,918	64,573,265	71,445,166	71,927,932	78,569,702	82,233,101	82,590,947	86,695,190	90,788,231	95,341,382	99,501,621	100,032,749	100,032,749			
Fund Balance (9)	26,147,268	27,163,008	22,446,581	49,257,647	50,807,651	45,992,362	45,201,681	47,236,707	45,089,626	42,951,424	41,545,080	38,876,532	40,025,685	40,025,685			

NOTES:

(General - all projections have been made using the EXCEL function "TREND" (a linear regression)).

(1) The figures for 1/95 - 6/95 represent a monthly average of the actual total amount spent during FY95. The figures for 7/95 - 6/96 represent a monthly average of the actual total amount spent during this period. The figures for 7/96 - 12/96 are monthly averages based on actual expenditures. The figures for 1/97 through 7/97 are actual monthly expenditures, and those for 8/97 through 12/97 are monthly average amounts based on actual expenditures for 1/97 through 7/97.

(2) These figures represent average monthly expenditures for state - lead cleanup activities based on historic data. The figure used for the period 1/95 - 6/96 is an average monthly figure based on the total expenditure of \$1,789,344 during this period. The figures for 7/96 - 12/96 are average monthly amounts based on actual expenditures during this period. The figures for 1/97 - 7/97 are actual expenditures. Those for 8/97 through 12/97 are monthly averages based on the actual amount spent during the period 1/97 - 7/97.

(3) The figure for 1994 represents \$2,895,316 in administrative expenditures through 12/94, plus \$1,582,047 for site expenditures through 12/94.

(4) The figures for 4/95 through 7/97 represent actual monthly reimbursement amounts; because of the highly variable nature of these monthly figures, no monthly projections were made in order to obtain future monthly reimbursement predictions.

(5) The figure for 1994 represents the cumulative amount of reimbursements made through December, 1994; the figures for 1/95 through 7/97 represent the successive addition of actual monthly reimbursement amounts; the figures from 8/97 onward represent a projection of the cumulative total reimbursement amount, based on an average rate of reimbursement of \$3,610,035 per month.

(6) These figures represent the cumulative totals of Administrative Costs + State - Lead Site Costs + Reimbursement Expenditures.

(7) For 1/95 - 7/97 actual revenues are used (the amount for March, 1995 reflects the addition of the final balance of the loan fund reverting back into the Commercial Fund); The figure used from 8/97 through December 1997 is the average amount received from July 1995 through July 1997.

(8) The Figure shown for December, 1994 represents the actual balance at the end of calendar year 1994; each successive monthly figure represents the addition of the monthly amount received as described in Note (6).

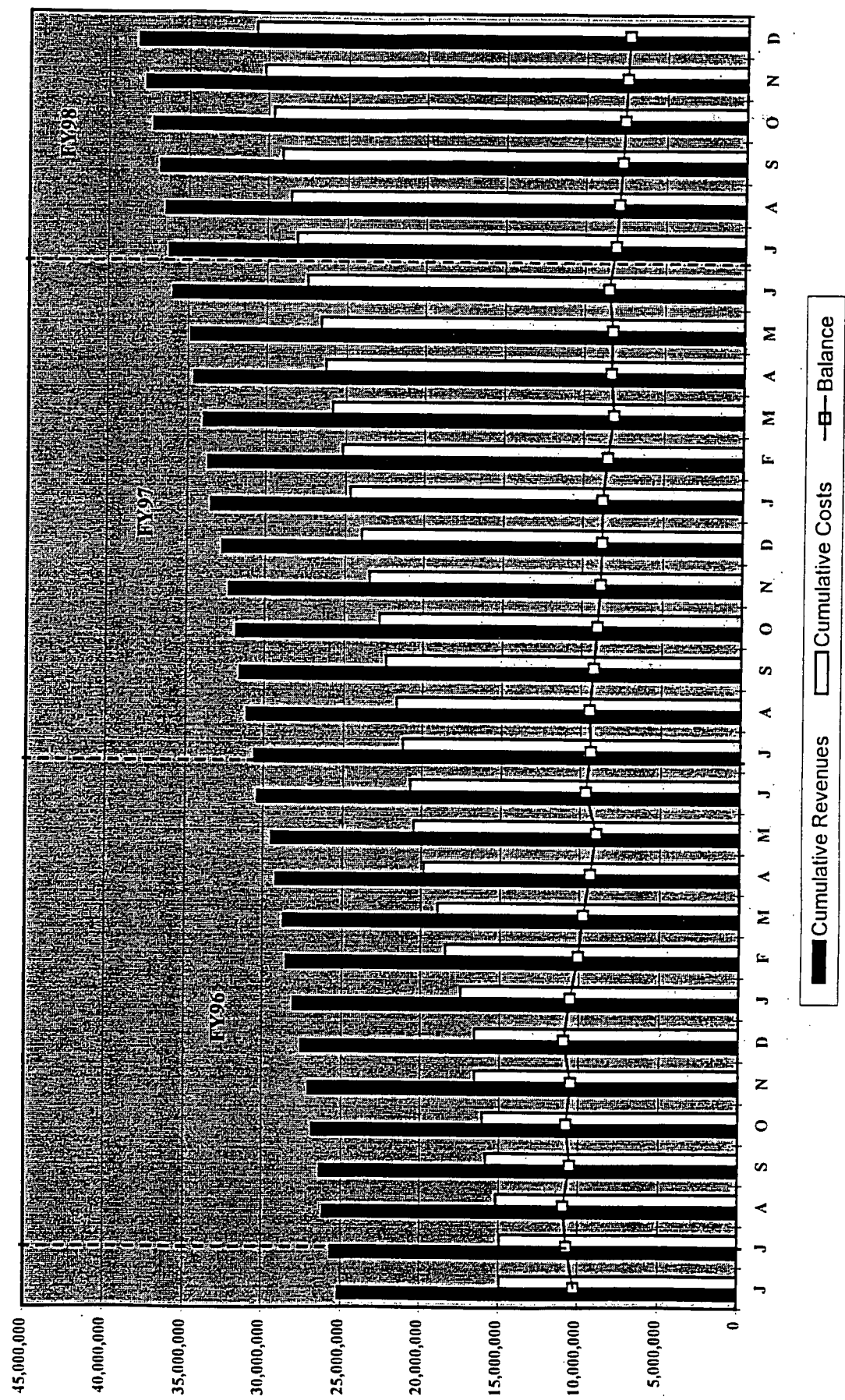
(9) The Fund Balance is the cumulative amount received into the Fund minus the cumulative amount of reimbursements, administrative and site costs.

STATE COMMERCIAL TRUST FUND BALANCE: REVENUES vs EXPENDITURES

	1996											
	J	F	M	A	M	J	J	A	S	O	N	D
Administrative Costs (1)	193,553	193,553	193,553	193,553	193,553	193,553	176,408	176,408	176,408	176,408	176,408	176,408
State Lead Sites Costs (2)	119,289	119,289	119,289	119,289	119,289	119,289	119,289	119,289	119,289	119,289	119,289	119,289
Total Admin. + State Lead Costs	312,842	312,842	312,842	312,842	312,842	312,842	295,697	295,697	295,697	295,697	295,697	295,697
Cumulative Total (3)	7,477,547	7,790,388	8,103,230	8,416,072	8,728,914	9,041,756	9,337,452	9,633,149	9,928,846	10,224,543	10,520,239	10,815,936
Reimbursement Amount (4)	7,431,629	4,279,905	3,880,598	3,761,012	4,494,141	2,099,951	4,773,528	4,141,542	3,414,063	5,246,881	3,224,930	1,959,315
Cumulative Total of Reimb. Amounts (5)	100,299,673	104,579,578	108,460,176	112,221,188	116,715,329	118,815,280	123,588,808	127,730,350	131,144,413	136,391,294	139,616,225	141,575,540
Cumulative Total Expenditures (6)	107,777,220	112,369,966	116,563,406	120,637,260	125,444,243	127,857,035	132,926,260	137,363,499	141,073,259	146,615,837	150,136,464	152,391,476
SS Received into Fund (monthly) (7)	4,221,391	1,640,117	1,856,551	2,799,055	1,330,540	3,707,461	2,181,240	2,250,231	2,693,956	1,742,930	2,330,582	3,069,606
Cumulative SS Received into Fund (8)	144,279,825	145,919,943	147,776,494	150,575,549	151,906,089	155,613,550	157,794,789	160,045,021	162,738,976	164,481,906	166,812,488	169,882,094
Cumulative Total Expenditures (6)	107,777,220	112,369,966	116,563,406	120,637,260	125,444,243	127,857,035	132,926,260	137,363,499	141,073,259	146,615,837	150,136,464	152,391,476
Fund Balance (9)	36,503,606	33,549,976	31,213,088	29,938,289	26,461,846	27,756,514	24,868,529	22,681,522	21,665,717	17,866,069	16,676,024	17,490,618

	1997											
	J	F	M	A	M	J	J	A	S	O	N	D
Administrative Costs (1)	203,757	209,600	173,076	329,313	174,314	474,835	0	223,556	223,556	223,556	223,556	223,556
State Lead Sites Costs (2)	185,037	77,705	162,406	190,147	89,877	52,740	58,586	116,642	116,642	116,642	116,642	116,642
Total Admin. + State Lead Costs	388,793	287,305	335,482	519,459	264,191	527,575	58,586	340,198	340,198	340,198	340,198	340,198
Cumulative Total (3)	11,204,729	11,492,034	11,827,515	12,346,975	12,611,166	13,138,741	13,197,327	13,537,525	13,877,724	14,217,922	14,558,120	14,898,319
Reimbursement Amount (4)	4,200,952	2,489,185	3,251,828	3,174,930	2,204,812	4,616,557	4,756,985					
Cumulative Total of Reimb. Amounts (5)	143,604,378	146,093,563	149,345,391	152,520,320	154,725,133	159,341,690	164,098,675	168,755,606	172,365,641	175,975,676	179,585,710	183,195,745
Cumulative Total Expenditures (6)	154,809,107	157,585,597	161,172,906	164,867,295	167,336,299	172,480,431	177,296,002	182,293,131	186,243,364	190,193,598	194,143,831	198,094,064
SS Received into Fund (monthly) (7)	2,310,726	2,310,726	2,310,726	1,796,421	2,034,874,51	3,518,541,65	1,430,876,44	2,423,341,89	2,423,341,89	2,423,341,89	2,423,341,89	2,423,341,89
Cumulative SS Received into Fund (8)	172,192,819	174,503,545	176,814,270	178,610,692	180,645,566	184,177,582	185,608,438	188,031,800	190,455,142	192,878,484	195,301,826	197,725,168
Cumulative Total Expenditures (6)	154,809,107	157,585,597	161,172,906	164,867,295	167,336,299	172,480,431	177,296,002	182,293,131	186,243,364	190,193,598	194,143,831	198,094,064
Fund Balance (9)	17,383,712	16,917,948	15,641,364	13,743,397	13,309,268	11,697,151	8,312,456	5,738,669	4,211,778	2,684,886	1,157,995	-368,896

FIGURE 2
Non-Commercial Trust Fund Balance Through 12/31/97



PART VII

GROUNDWATER PROTECTION LOAN FUND

The Groundwater Protection Loan Fund Program was created in 1991.* Administrative Rules (15A NCAC 1K) implementing the program were adopted by the DENR, effective December 1, 1992. The purpose of the Loan Fund Program was to assist owners of commercial underground storage tanks in replacing or upgrading their tanks to the standards required in the Administrative Rules: "Criteria and Standards Applicable to Underground Storage Tanks."

The Groundwater Protection Loan Fund was created to enable the Department to provide loans funded through a 1/4-cent per gallon of the motor fuel excise tax, from January 1, 1992 through December 31, 1994. The program was projected to provide approximately \$30 million for loans over the next several years.

Only four loans for a total of \$1,228,350.50 have been closed. Another 77 loans totaling \$1.5 million were approved but were withdrawn before the June 30, 1995, deadline terminating the program [15A NCAC 1K .0102 (f)]. Two loans totaling \$125,000 were approved, but applicants found financing elsewhere.

Repayment of loans and interest is an ongoing part of the program and all amounts received under these headings are revenue to the Commercial Fund.

* Session Laws 1991, c. 538, s. 25 - G.S. 143-215.94P

PART VIII

SPECIAL STUDIES

Abandoned Petroleum Underground Storage Tank Study

A study of abandoned or orphan underground storage tanks (USTs) was conducted by the Division of Water Quality, Groundwater Section, State Trust Fund Group. The purpose of this study was to identify and evaluate the threat to human health and the environment from abandoned petroleum underground storage tanks throughout North Carolina. A site was considered eligible for the study if the USTs had never been registered with the State, the owner/operator of the USTs was not easily identifiable, and the USTs had not been used for several years. The study was performed using data from three surveyed counties and that data was used to estimate the number of abandoned USTs in the State of North Carolina.

The data collected for this study indicated that there are roughly 3,230 to 4,040 orphan UST sites in North Carolina. Based on the site investigations, it appears that approximately 44 percent of the sites have contamination that affects soil and/or groundwater thus, there may be 1,400 to 2,100 contaminated orphan UST sites in the state. Soil and groundwater contamination is likely to impact human health more directly in rural areas, where more people rely on groundwater to meet their water needs, than in urban areas where most people are served by a public water supply.

The Federal and State Lead programs are designed to address sites with contamination where there is no identifiable responsible party or the responsible party refuses or is financially unable to proceed with cleanup. The State of North Carolina funds and supervises cleanup activities, if required, with monies from the Commercial and Noncommercial State Trust Funds. A State Lead contractor will conduct preliminary site assessments, tank removals and perform additional work as necessary, according to the priority ranking of each site.

Each orphan tank site will be considered either a low priority or high priority site. Low priority sites are not a direct threat to human health or safety therefore, they require minimal cleanup and capital expenditures. At low priority sites the State collects essential information about the site and may elect to remove underground storage tanks to eliminate the contaminant source, costing from \$2,000 to \$15,000 per site. High priority sites require significant remediation to meet the soil and groundwater cleanup standards, and thus require a large capital expenditure. Based upon current State Lead figures, the average cost to assess and address any site in the State Lead Program is about \$31,000. Based on the numbers generated in the study, there are roughly 1,400 to 2,100 contaminated sites in the State which will require at least an initial assessment. If it is assumed that there are 2,100 contaminated sites out of 3,230 orphan sites, that leaves 1,130 sites that will require at least an initial assessment to evaluate the priority of the site, It is estimated that it would cost at least \$2,000 per site to conduct an initial assessment, for a total of \$2.2 million. With an estimated

2,100 sites requiring an average of \$31,000 each to address contamination, it will probably cost more than \$65 million to clean up contamination from orphan tanks in North Carolina.*

Professional Engineer/Licensed Geologist Study

In August and September of 1992, a study was conducted to test the reliability of underground storage tank (UST) closure reports submitted to the Division of Environmental Management (DEM) regional offices. The results indicated that of the 55 sites assessed, 21 (38 percent) had soil or groundwater contamination which exceeded state action levels applicable at the time of closure.

Because of the results of this study, the Groundwater Section in a rule change in 1993 required all closure reports submitted after January 1, 1994, to be done under the direct supervision of a licensed professional. Senate Bill 1012, ratified on July 5, 1995, allocated \$150,000 to evaluate the effectiveness of requiring certified Professional Engineers (P.E.) or Licensed Geologists (L.G.) to certify closure activities associated with UST sites. The intent of this study was to determine if the investigation results of "clean closures" are more favorable now that P.E.'s and L.G.'s are required to oversee closure activities. Only closures conducted on or after January 1, 1994 were selected.

Sampling procedures were to duplicate those of the original UST closure assessor(s). Soil and groundwater samples were collected at approximately the same locations and depths as those reported in the closure reports. Of the 40 sites considered in this study, only six (15 percent) showed some evidence of petroleum impact above either the groundwater standards or state soil action levels.

Effective August 3, 1996, H.B. 53 redefined the practice of engineering and geology so that these terms do not include the "assessment of an underground storage tank (UST) required by applicable rules at closure or change in service unless there has been a discharge or release of the product from the tank." Therefore, UST closure assessments required at sites where there has been no discharge or release, are not required to be performed under the supervision of a PE or LG.

Privatization of the Leaking Petroleum Underground Storage Tank Cleanup Program

This study addressed the option to privatize the leaking petroleum underground storage tank (UST) cleanup program. A committee made up of members in private industry, but active in the UST arena, and a representative from the office of the State Auditor were elected by the Department to research this topic and submit their conclusions. The issues discussed were the solvency of the State Trust Fund, whether the UST program was an insurance policy or if insurance companies

*Risk-based assessment and corrective action rules, when promulgated, may reduce these cleanup cost figures.

should provide financial assurance, and cost effectiveness of privatization including costs and staffing needs.

The committee found that nine states currently have privatized some part of their program. Arizona, Florida, Iowa and Virginia use consulting companies to process their claims. The number of claims processed per month by these states varied from 100 to 400. The consulting agencies were paid \$1,000 to \$1,200 per claim. North Carolina is presently processing 400 claims per month; however, 200 claims per month was used as the average for this study. States using contractors to review UST cleanup claims are using at least the same number of State personnel to do quality assurance checks on the work performed. Therefore, no reduction of Division staff is expected. It was estimated that additional funding, to pay the contractor, in the amount of \$4.5 to \$5 million per year would need to be generated. The solvency of the STF and the present status of revenues do not allow this expenditure.

The committee also considered the changes that were forthcoming to the current system including the Risk-based rules and the 1998 regulatory requirements. Taking all of these conditions into account, the committee concluded not to consider privatization at this time. It was suggested that the 1998 upgrading requirements be added to the UST eligibility requirements and to possibly consider privatization again in 1999 when changes to the program have been in operation for a while and the solvency of the STF has been addressed.

PART IX

SUMMARY

1. In comparison to the mid-1980s estimates of leaking USTs in North Carolina, the number and percentage of discharges and releases are substantially less than expected. Altogether, 53,397 commercial tanks have been closed or removed since the UST program was enacted. Presently, North Carolina has 37,776 known operational commercial USTs.

Presently, 8,267 UST release sites are in the process of remediation. Based on past data, it is estimated that 85 percent or 7,027 of the open sites are from commercial USTs. Therefore, the additional 1,240 leaks are from noncommercial USTs. The number of noncommercial reported releases appears low, but this is based on the fact that these tanks are not regulated and leak detection monitoring is not required. Leaks are usually discovered when tanks are removed, by leak detection monitoring for regulated tanks, when a real estate transaction requires a site assessment, or when water supply wells are contaminated.

2. A total of 10,682 leaks from USTs have been reported. Closure has been achieved on 2,415 or 22.6 percent of the leaks reported. These closures include 170 groundwater-related incidents.
3. Presently, the program receives annual tank fees from 37,776 commercial USTs. Since inception of the UST program, \$184,882,444 has been received in the Commercial Fund from inspection taxes, excise taxes and tank operating fees.

Of an estimated 8,267 commercial UST incidents, owners/operators submitted reimbursement claims for 1,877 incidents. Those claims resulted in disbursements of \$159,332,998.

The Commercial fund balance, as of June 30, 1997, was \$11,697,153 with pending claims totaling \$12,850,654.

4. To date, the Noncommercial Fund has received \$38.8 million from the motor fuel inspection tax as well as excise tax and has spent \$20.5 million on 828 incidents. A large number of reimbursement requests are likely to be submitted in the future.

DWQ estimates it will cost an average of \$62,500 per incident or a total of \$55 million in Noncommercial Fund money to cleanup the 1,240 reported releases from noncommercial USTs.

The Noncommercial fund balance, as of June 30, 1997, was \$8,496,430.

5. The expenditure ratio is far higher for the Commercial Fund. DWQ anticipates it will take another \$535 million (minus deductibles) for cleanup of the estimated claims on 5,622 incidents expected to exceed the deductibles and make claims to the Commercial Trust Fund. This is based on an incident requiring an average of \$125,000 for cleanup of the site. This does not account for any third-party claims.
6. There has been a steady increase in claims and disbursements against both funds during the past four years which is now slowing. Reimbursements from the Commercial Fund increased from \$22.9 million to \$44.2 million from FY94 and FY97, and disbursements from the Noncommercial Fund increased from \$2.0 million to \$5.9 million during the same period. However, between FY96 and FY97 the disbursement for the commercial fund rose only \$102,634 in comparison to a rise of \$6,655,129 between FY95 and FY96.

According to DWQ's prediction, using the present rate of reimbursement, the Commercial Fund will be depleted by the end of 1997. This does not account for changes introduced by S.B. 1317 to address the solvency of both funds. The effect of this bill is assumed to be a cause of the slowing increase in disbursement costs, although the total effect of the suspension of activities has not been reflected in the claims received during this report period. Since S.B. 1317 was enacted, only 13.3 percent of the claims received were for work performed since the suspension became effective.

It appears that sufficient funding exists to meet all claims against the Noncommercial Fund through fiscal year 1998. However, the balance in the fund started to decline in 1995.

7. The number of new applications for STF eligibility, the number of requests for cleanup and reimbursement, the number of enforcement actions and the additional workload to deal with processing and issuing tank operating permits -- all are growing from year to year. DWQ processed reimbursement claims and contracted cleanups totaling \$50.1 million during fiscal year 1997 (\$44.2 million for the Commercial Fund and \$5.9 million for the Noncommercial Fund).
8. A study of abandoned or orphan petroleum underground storage tanks was conducted by the Division of Water Quality to identify and evaluate the threat of these tanks throughout North Carolina. The study indicated that there are roughly 3,230 to 4,040 orphan UST sites statewide. Based on the site investigations, it appeared that approximately 44 percent of the sites have contamination that affect the soil and/or groundwater.

It was estimated that there are 1,130 orphan sites that would require at least initial assessment. This would cost \$2,000 per site, totaling \$2.2 million. The additional 2,100 sites would require cleanup with an average cost of \$31,000 per site. In summary, it would cost over \$65 million to cleanup contamination from all orphan USTs in North Carolina.*

*Risk-based assessment and corrective action rules, when promulgated, may reduce this cleanup cost.

9. A study was conducted in 1992 to test the reliability of underground storage tank closure reports submitted to the Division. Results of the 1992 study showed that of the 50 sites considered, 21 (38 percent) showed some evidence of petroleum impact above either groundwater or soil standards at the time of closure. Based on the results of this study the Groundwater Section changed a rule requiring all closure reports submitted after January 1, 1994, to be done under the direct supervision of a licensed professional.

In 1995, an evaluation of the effectiveness of this rule was performed. In this evaluation, sampling procedures were to duplicate those of the original UST closure report. Of the 40 sites considered, only six (15 percent) showed some evidence of petroleum impact above either groundwater standards or state soil action levels.

Effective August 3, 1996, H.B. 53 redefined the practice of engineering and geology so that these terms do not include the "assessment of an underground storage tank (UST) required by applicable rules at closure or change in service unless there has been a discharge or release of the product from the tank." Therefore, UST closure assessments required at sites where there has been no discharge or release, are not required to be performed under the supervision of a PE or LG.

10. A study to address the option of privatization of the leaking underground storage tank cleanup program was performed. DENR elected to have a committee made up of members in private industry, active in the UST arena, and a representative from the office of the State Auditor, to perform the study.

The committee concluded that the solvency of the STF should be addressed before privatization is considered, and that some time must be allowed to observe the effect of changes recently introduced. A privatization study may be considered again in 1999 when the changes have been in operation for a while.

Attachment J

GROUNDWATER SECTION

September 9, 1997

MEMORANDUM

TO: Arthur Mouberry

FROM: Ruth Strauss *RS*

SUBJECT: Implementation of Risk-Based Corrective Action Rule for Petroleum Underground Storage tanks (USTs)

Listed below are the tasks that need to be completed prior to implementing the proposed temporary risk-based corrective action rule. Based on the nature of these tasks and the projected amount of time that will be needed to complete them, we anticipate that the rule could be implemented on February 1, 1998. A February 1, 1998 implementation date should give us enough time for a smooth transition to the new approach.

Interim Groundwater Standards - By end of November 1997

- Develop and obtain Director's approval for interim maximum allowable levels for petroleum constituents likely to be detected by using methods specified in the rule. *(Necessary to develop complete list of soil-to-groundwater cleanup levels for inclusion in Groundwater Section guidance document.)*

Implementation Documents - Finalized and distributed by end of December 1997

- Draft Notices of Regulatory Requirements (NORRs), Notices of Violation (NOVs), public notice documents, third party notification letter and closure notification. Submit to Regional Offices (ROs) and Attorney General's Office for review. Finalize and distribute.
- Revise the Groundwater Section guidance document and send out for RO comment. Finalize print and distribute.
- Make changes to State Trust Fund forms and Reasonable Rate Document.

Outreach - To take place in January 1998 *(After implementation documents finalized.)*

- Provide training to RO and Central Office staff.
- Hold two combined Owner/Operator & Consultant day presentations in Raleigh and Hickory.

DWQ Laboratory Issues - Until February 1, 1998 *(Lab certification could take up to 8 months; however, an interim measure would be to grant a temporary blanket certification.)*

- Obtain Director's approval of new total petroleum hydrocarbon (TPH) method.
- Certify commercial labs to perform new TPH method.
- Set up contracts with commercial labs to analyze RO samples for new TPH method. *(Anticipated to be a short term solution until equipment can be purchased and possible additional personnel could be hired for DWQ lab.)*

cc: Bill Reid

Attachment K

**TEMPORARY RULES -
FOR EMC AGENDA
ITEM: 970043**

**RISK BASED CORRECTIVE ACTION
RULES FOR
PETROLEUM UNDERGROUND
STORAGE TANKS (EHNH RULEMAKING
NUMBER E-2100)**

**September 11, 1997 DRAFT
VERSION**

Proposed Effective Date: January 2, 1998

CONTAINS ALL CHANGES PROPOSED TO THE RISK BASED CORRECTIVE
ACTION RULES FOR PETROLEUM UNDERGROUND STORAGE TANKS SINCE
PUBLIC NOTICE AND HEARINGS

NOTES ABOUT THE FORMAT OF THE TEMPORARY RULES

The formatting of the Risk Based Corrective Action Rules for Petroleum Underground Storage Tanks is shown as follows:

- (1) Underlined text () is new text that was proposed at the public hearings in March 1997.
- (2) Overstruck text, (for example), are previous portions of a rule that is currently in the rule. This information appeared at the public hearings and is proposed for deletion.
- (3) Text that is ~~overstruck and underlined and shaded, (for example)~~, is language that the hearing officers recommend be removed from 15A NCAC 2L .0115. The Environmental Management Commission discussed these changes on June 12, 1997.
- (4) Text that is ~~underlined and shaded~~ is language that the hearing officers recommend be inserted into 15A NCAC 2L .0115 since the public hearings were held in March 1997. The Environmental Management Commission discussed these changes on June 12, 1997.
- (5) Text that is ~~underlined, shaded and enlarged OR overstruck, shaded and enlarged~~ are changes to the proposed 15A NCAC 2L .0115 that have been recommended by the Groundwater Section staff and the RBCA-UST Working Group since June 12, 1997. These changes consist of formatting corrections, minor clarifications, and editorial changes.

Please observe that no changes have been proposed by the hearing officers or the Division staff to 15A NCAC 2L .0106, 15A NCAC 2N .0701, 15A NCAC 2N .0707, and 15A NCAC 2P .0402 since notice of this rulemaking was provided to the public on February 3, 1997. These rules are the same as the proposed permanent rules under Environmental Management Commission Agenda Item 9700043. These rules are the same as the temporary rules mailed to the Commission members on September 4, 1997 except that they have a proposed effective date of January 2, 1998 in the history note of each rule.

15A NCAC 2L. 0106 has been amended in a temporary action as follows:

2 .0106 CORRECTIVE ACTION

3 (a) Where groundwater quality has been degraded, the goal of any required corrective action shall be restoration
4 to the level of the standards, or as closely thereto as is economically and technologically feasible. In all cases
5 involving requests to the Director for approval of corrective action plans, or termination of corrective action, the
6 responsibility for providing all information required by this Rule lies with the person(s) making the request.

7 (b) Any person conducting or controlling an activity which results in the discharge of a waste or hazardous
8 substance or oil to the groundwaters of the State, or in proximity thereto, shall take immediate action to terminate
9 and control the discharge, mitigate any hazards resulting from exposure to the pollutants and notify the Division of
10 the discharge.

11 (c) Any person conducting or controlling an activity which has not been permitted by the Division and which
12 results in an increase in the concentration of a substance in excess of the standard, other than agricultural operations,
13 shall:

- 14 (1) immediately notify the Division of the activity that has resulted in the increase and the contaminant
concentration levels;
- 15 (2) take immediate action to eliminate the source or sources of contamination;
- 16 (3) submit a report to the Director assessing the cause, significance and extent of the violation; and
- 17 (4) implement an approved corrective action plan for restoration of groundwater quality in accordance with
18 a schedule established by the Director, or his designee. In establishing a schedule the Director, or his
19 designee shall consider any reasonable schedule proposed by the person submitting the plan. A report
20 shall be made to the Health Director of the county or counties in which the contamination occurs in
21 accordance with the requirements of Rule .0114(a) in this Section.

22 (d) Any person conducting or controlling an activity which is conducted under the authority of a permit issued by
23 the Division and which results in an increase in concentration of a substance in excess of the standards:

- 24 (1) at or beyond a review boundary, shall demonstrate, through predictive calculations or modeling, that
25 natural site conditions, facility design and operational controls will prevent a violation of standards at
26 the compliance boundary; or submit a plan for alteration of existing site conditions, facility design or
27 operational controls that will prevent a violation at the compliance boundary, and implement that plan
28 upon its approval by the Director, or his designee.
- 29 (2) at or beyond a compliance boundary, shall assess the cause, significance and extent of the violation of
30 standards and submit the results of the investigation, and a plan and proposed schedule for corrective
31

1 action to the Director, or his designee. The permittee shall implement the plan as approved by and in
2 accordance with a schedule established by the Director, or his designee. In establishing a schedule the
3 Director, or his designee shall consider any reasonable schedule proposed by the permittee.

4 (e) For the purposes of Paragraphs (c) and (d) of this Rule, an activity conducted under the authority of a permit
5 issued by the Division, and subject to Paragraph (d) of this Rule, is one for which:

- 6 (1) a permit has been issued pursuant to G.S. 143-215.1;
- 7 (2) the permit was originally issued after December 30, 1983;
- 8 (3) the substance for which a standard has been exceeded outside the compliance boundary has been
9 released to groundwater as a result of the permitted activity;
- 10 (4) all other activities shall for the purpose of this Rule be deemed not permitted by the Division and subject
11 to the provisions of Paragraph (c) of this Rule.

12 (f) Corrective action required following discovery of the unauthorized release of a contaminant to the surface or
13 subsurface of the land, and prior to or concurrent with the assessment required in Paragraphs (c) and (d) of this
14 Rule, shall include, but is not limited to:

- 15 (1) Prevention of fire, explosion or the spread of noxious fumes;
- 16 (2) Abatement, containment or control of the migration of contaminants;
- 17 (3) Removal, or treatment and control of any primary pollution source such as buried waste, waste
18 stockpiles or surficial accumulations of free products;
- 19 (4) Removal, treatment or control of secondary pollution sources which would be potential continuing
20 sources of pollutants to the groundwaters such as contaminated soils and non-aqueous phase liquids.
21 Contaminated soils which threaten the quality of groundwaters must be treated, contained or disposed of
22 in accordance with applicable rules and procedures established by the Division. The treatment or
23 disposal of contaminated soils shall be conducted in a manner that will not result in a violation of
24 standards or North Carolina Hazardous Waste Management rules.

25 (g) The site assessment conducted pursuant to the requirements of Paragraph (c) of this Rule, shall include:

- 26 (1) The source and cause of contamination;
- 27 (2) Any imminent hazards to public health and safety and actions taken to mitigate them in accordance with
28 Paragraph (f) of this Rule;
- 29 (3) All receptors and significant exposure pathways;
- 30 (4) The horizontal and vertical extent of soil and groundwater contamination and all significant factors
31 affecting contaminant transport; and
- 32 (5) Geological and hydrogeological features influencing the movement, chemical, and physical character of
33 the contaminants.

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Reports of site assessments shall be submitted to the Division as soon as practicable or in accordance with a schedule established by the Director, or his designee. In establishing a schedule the Director, or his designee shall consider any reasonable proposal by the person submitting the report.

(h) Corrective action plans for restoration of groundwater quality, submitted pursuant to Paragraphs (c) and (d) of this Rule shall include:

- (1) A description of the proposed corrective action and reasons for its selection.
- (2) Specific plans, including engineering details where applicable, for restoring groundwater quality.
- (3) A schedule for the implementation and operation of the proposed plan.
- (4) A monitoring plan for evaluating the effectiveness of the proposed corrective action and the movement of the contaminant plume.

(i) In the evaluation of corrective action plans, the Director, or his designee shall consider the extent of any violations, the extent of any threat to human health or safety, the extent of damage or potential adverse impact to the environment, technology available to accomplish restoration, the potential for degradation of the contaminants in the environment, the time and costs estimated to achieve groundwater quality restoration, and the public and economic benefits to be derived from groundwater quality restoration.

(j) A corrective action plan prepared pursuant to Paragraph (c) or (d) of this Rule must be implemented using the best available technology for restoration of groundwater quality to the level of the standards, except as provided in Paragraphs (k), (l), and ~~(m)~~ (m), (r) and (s) of this Rule.

(k) Any person required to implement an approved corrective action plan for a non-permitted site pursuant to this Rule may request that the Director approve such a plan without requiring groundwater remediation to the standards. A request submitted to the Director under this Paragraph shall include a description of site specific conditions, including information on the availability of public water supplies for the affected area; the technical basis for the request; and any other information requested by the Director to thoroughly evaluate the request. In addition, the person making the request must demonstrate to the satisfaction of the Director:

- (1) that all sources of contamination and free product have been removed or controlled pursuant to Paragraph (f) of this Rule;
- (2) that the time and direction of contaminant travel can be predicted with reasonable certainty;
- (3) that contaminants have not and will not migrate onto adjacent properties, or that:
 - (A) such properties are served by an existing public water supply system dependent on surface waters or hydraulically isolated groundwater, or
 - (B) the owners of such properties have consented in writing to the request;
- (4) that the standards specified in Rule .0202 of this Subchapter will be met at a location no closer than one year time of travel upgradient of an existing or foreseeable receptor, based on travel time and the natural

attenuation capacity of subsurface materials or on a physical barrier to groundwater migration that exists or will be installed by the person making the request;

(5) that, if the contaminant plume is expected to intercept surface waters, the groundwater discharge will not possess contaminant concentrations that would result in violations of standards for surface waters contained in 15A NCAC 2B .0200;

(6) that public notice of the request has been provided in accordance with Rule .0114(b) of this Section;

(7) that the proposed corrective action plan would be consistent with all other environmental laws.

(l) Any person required to implement an approved corrective action plan for a non-permitted site pursuant to this Rule may request that the Director approve such a plan based upon natural processes of degradation and attenuation of contaminants. A request submitted to the Director under this Paragraph shall include a description of site specific conditions, including written documentation of projected groundwater use in the contaminated area based on current state or local government planning efforts; the technical basis for the request; and any other information requested by the Director to thoroughly evaluate the request. In addition, the person making the request must demonstrate to the satisfaction of the Director:

(1) that all sources of contamination and free product have been removed or controlled pursuant to Paragraph (f) of this Rule;

(2) that the contaminant has the capacity to degrade or attenuate under the site-specific conditions;

(3) that the time and direction of contaminant travel can be predicted with reasonable certainty;

(4) that contaminant migration will not result in any violation of applicable groundwater standards at any existing or foreseeable receptor;

(5) that contaminants have not and will not migrate onto adjacent properties, or that:

(A) such properties are served by an existing public water supply system dependent on surface waters or hydraulically isolated groundwater, or

(B) the owners of such properties have consented in writing to the request;

(6) that, if the contaminant plume is expected to intercept surface waters, the groundwater discharge will not possess contaminant concentrations that would result in violations of standards for surface waters contained in 15A NCAC 2B .0200;

(7) that the person making the request will put in place a groundwater monitoring program sufficient to track the degradation and attenuation of contaminants and contaminant by-products within and down gradient of the plume and to detect contaminants and contaminant by-products prior to their reaching any existing or foreseeable receptor at least one year's time of travel upgradient of the receptor and no greater than the distance the groundwater at the contaminated site is predicted to travel in five years;

(8) that all necessary access agreements needed to monitor groundwater quality pursuant to Subparagraph

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(7) of this Paragraph have been or can be obtained;

(9) that public notice of the request has been provided in accordance with Rule .0114(b) of this Section; and

(10) that the proposed corrective action plan would be consistent with all other environmental laws.

(m) The Division or any person required to implement an approved corrective action plan for a non-permitted site pursuant to this Rule may request that the Director approve termination of corrective action.

(1) A request submitted to the Director under this Paragraph shall include:

(A) a discussion of the duration of the corrective action, the total project's cost, projected annual cost for continuance and evaluation of the success of the corrective action;

(B) an evaluation of alternate treatment technologies which could result in further reduction of contaminant levels projected capital and annual operating costs for each technology;

(C) effects, including health and safety impacts, on groundwater users if contaminant levels remain at levels existing at the time corrective action is terminated; and

(D) any other information requested by the Director to thoroughly evaluate the request.

(2) In addition, the person making the request must demonstrate to the satisfaction of the Director:

(A) that continuation of corrective action would not result in a significant reduction in the concentration of contaminants (At a minimum this demonstration must show the duration and degree of success of existing remedial efforts to attain standards and include a showing that the asymptotic slope of the contaminants curve of decontamination is less than a ratio of 1:40 over a term of one year based on quarterly sampling);

(B) that contaminants have not and will not migrate onto adjacent properties, or that:

(i) such properties are served by an existing public water supply system dependent on surface waters or hydraulically isolated groundwater, or

(ii) the owners of such properties have consented in writing to the request;

(C) that, if the contaminant plumes expected to intercept surface waters, the groundwater discharge will not possess contaminant concentrations that would result in violations of standards for surface waters contained in 15A NCAC 2B .0200;

(D) that public notice of the request has been provided in accordance with Rule .0114(b) of this Section; and

(E) that the proposed termination would be consistent with all other environmental laws.

(3) The Director shall not authorize termination of corrective action for any area that, at the time the request is made, has been identified by a state or local groundwater use planning process for resource development.

(4) The Director may authorize the termination of corrective action, or amend the corrective action plan after considering all the information in the request. Upon termination of corrective action, the Director shall require implementation of a groundwater monitoring program sufficient to track the degradation and attenuation of contaminants at a location of at least one year's predicted time of travel upgradient of any existing or foreseeable receptor. The monitoring program shall remain in effect until there is sufficient evidence that the contaminant concentrations have been reduced to the level of the standards.

(n) Upon a determination by the Director that continued corrective action would result in no significant reduction in contaminant concentrations, and the contaminated groundwaters can be rendered potable by treatment using readily available and economically reasonable technologies, the Director may designate the remaining area of degraded groundwater RS. Where the remaining degraded groundwaters cannot be made potable by such treatment, the Director may consider a request for reclassification of the groundwater to a GC classification as outlined in Rule .0201 of this Subchapter.

(o) If at any time the Director determines that a new technology is available that would remediate the contaminated groundwater to the standards specified in Rule .0202 of this Subchapter, the Director may require the responsible party to evaluate the economic and technological feasibility of implementing the new technology in an active groundwater corrective action plan in accordance with a schedule established by the Director. The Director's determination to utilize new technology at any site or for any particular constituent shall include a consideration of the factors in Paragraph (h) of this Rule.

(p) Where standards are exceeded as a result of the application of pesticides or other agricultural chemicals, the Director shall request the Pesticide Board or the Department of Agriculture to assist the Division of Environmental Management in determining the cause of the violation. If the violation is determined to have resulted from the use of pesticides, the Director shall request the Pesticide Board to take appropriate regulatory action to control the use of the chemical or chemicals responsible for, or contributing to, such violations, or to discontinue their use.

(q) The approval pursuant to this Rule of any corrective action plan, or modification or termination thereof, which permits the migration of a contaminant onto adjacent property, shall not affect any private right of action by any party which may be effected by that contamination.

(r) If a discharge or release is not governed by 15A NCAC 2L .0115 and the increase in the concentration of a substance in excess of the standard resulted in whole or in part from a release from a commercial or noncommercial underground storage tank as defined in G.S. 143-215.94A, any person required to implement an approved corrective action plan pursuant to this Rule and seeking reimbursement for the Commercial or Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Funds shall implement a corrective action plan meeting the requirements of Paragraphs (k) or (l) of this Rule unless such a person demonstrates to the Director that:

(1) contamination resulting from the discharge cannot qualify for approval of a plan based on the

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requirements of the Paragraphs: or

(2) the cost of making such a demonstration would exceed the cost of

implementing a corrective action plan submitted pursuant to Paragraph (c) of this Rule.

(s) If a discharge or release is not governed by 15A NCAC 2L .0115 and the increase in the concentration of a substance in excess of the standard resulted in whole or in part from a release from a commercial or noncommercial underground storage tank as defined in G.S. 143-215.94A, the Director may require any person implementing or operating a previously approved corrective action plan pursuant to this Rule to:

(1) develop and implement a corrective action plan meeting the requirements of Paragraphs (k) and (l) of this Rule: or

(2) seek discontinuance of corrective action pursuant to Paragraph (m) of this Rule.

*History Note: Authority G.S. 143-215.2; 143-215.3(a)(1); 143-215.94A; 143-215.94(T); 143-215.94V; 143B-282; 1995 (Reg. Sess.; 1996) c. 648, s. 1;
Eff. August 1, 1989;
Temporary Amendment Eff. January 2, 1998.*

15A NCAC 2L.0115 is proposed for adoption with changes as follows:

.0115 RISK-BASED ASSESSMENT AND CORRECTIVE ACTION FOR PETROLEUM UNDERGROUND STORAGE TANKS.

(a) The purpose of this Rule is to establish procedures for risk-based assessment and corrective action sufficient to:

- (1) protect human health and the environment;
- (2) abate and control contamination of the waters of the State as deemed necessary to protect human health and the environment;
- (3) permit management of the State's groundwaters to protect their designated current usage and potential future uses;
- (4) provide for anticipated future uses of the State's groundwater;
- (5) recognize the diversity of contaminants, the State's geology and the characteristics of each individual site; and
- (6) accomplish these goals in a cost-efficient manner to assure the best use of the limited resources available to address groundwater pollution within the State.

(b) This Rule applies to any discharge or release from a "commercial underground storage tank" or a "noncommercial underground storage tank," as those terms are defined in G. S. 143-215.94A, which is reported on or after the effective date of this Rule. This Rule shall apply to any discharge or release from a "commercial underground storage tank" or a "noncommercial underground storage tank," as those terms are defined in G.S. 143-215.94A which is reported before the effective date of this Rule to the extent that the Department determines that application of all or part of the Rule is necessary to protect human health or the environment or may result in a more cost effective assessment and cleanup of the discharge or release, as provided in Paragraph (f) of this Rule. The requirements of this Rule shall apply to the owner and operator of the underground storage tank from which the discharge or release occurred, a landowner seeking reimbursement from the Commercial Leaking Underground Storage Tank Fund or the Noncommercial Leaking Underground Storage Tank Fund under G. S. 143-215.94E, and any other person responsible for the assessment or cleanup of a discharge or release from an underground storage tank, including any person who has conducted or controlled an activity which results in the discharge or release of petroleum or petroleum products as defined in G.S. 143-215.94A(10) to the groundwaters of the State, or in proximity thereto; these persons shall be collectively referred to for purposes of this Rule as the "responsible party." This Rule shall be applied in a manner consistent with the Rules found in 15A NCAC 2N in order to assure that the State's requirements regarding assessment and cleanup from underground storage tanks are no less stringent than Federal requirements.

(c) A responsible party shall:

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- (1) take immediate action to prevent any further discharge or release of petroleum from the underground storage tank; identify and mitigate any fire, explosion or vapor hazard; remove any free product; and comply with the requirements of Rules .0601 through .0604 and .0701 through .0703 and .0705 of Subchapter 2N;
- (2) incorporate the requirements of 15A NCAC 2N .0704 into the submittal required under Subparagraph (3) of this Paragraph or the limited site assessment report required under Subparagraph (4) of this Paragraph, whichever is applicable. Such submittals shall constitute compliance with the reporting requirements of 15A NCAC 2N .0704(b);
- (3) submit within 90 days of the discovery of the discharge or release a soil contamination report containing information sufficient to show that ~~unexcavated soil remains remaining unsaturated soil in the side walls and at the base of the excavation in the unsaturated zone and that the soil does~~ not contain contaminant levels which exceed either the "soil-to-groundwater" or the residential maximum soil contaminant concentrations established by the Department pursuant to Paragraph (m) of this Rule, whichever is lower. If such showing is made, the discharge or release shall be classified as low risk by the Department;
- (4) if the required showing cannot be made under Subparagraph (3) of this Paragraph, submit within ~~90~~ 120 days of the discovery of the discharge or release, or within such other time limit approved by the Department, a report containing information needed by the Department to classify the level of risk to human health and the environment posed by a discharge or release under Paragraph (d) of this Rule. Such report shall include, at a minimum:
 - (A) a location map, based on a USGS topographic map, showing the radius of 1500 feet from the source area of a confirmed release or discharge and depicting all water supply wells, surface waters and ~~designated wellhead protection areas as defined in 42 USC 300h-7(e)~~ within the 1500-foot radius. For purposes of this rule, source area means point of release or discharge from the underground storage tank system;
 - (B) a determination of whether the source area of the discharge or release is within a designated wellhead protection area as defined in 42 USC 300h-7(e);
 - (C) if the discharge or release is in the Coastal Plain physiographic region as designated on a map entitled "Geology of North Carolina" published by the Department in 1985, a determination of whether the source area of the discharge or release is located in an area in which there is recharge to an unconfined or semi-confined deeper aquifer which is being used or may be used as a principal source of drinking water;
 - (D) a determination of whether vapors from the discharge or release pose a threat of explosion due to the accumulation of vapors in a confined space or pose any other serious threat to public health, public safety or the environment;

- (E) scaled site map(s) showing the location of the following which are on or adjacent to the property where the source is located: site boundaries, roads, buildings, basements, floor and storm drains, subsurface utilities, septic tanks and leach fields, underground storage tank systems, monitoring wells, borings and the sampling points;
- (F) the results from a limited site assessment which shall include:
- (i) the analytical results of one from soil samples collected during the construction of a monitoring well installed in the source area of each confirmed discharge or release from a noncommercial or commercial underground storage tank and either the analytical results of a groundwater sample collected from the well or, if free product is present in the well, the amount of free product in the well. The soil samples shall be collected every five feet in the unsaturated zone unless a water table is encountered at or greater than a depth of 25 feet from land surface in which case soil samples shall be collected every 10 feet in the unsaturated zone. The soil samples shall be collected from suspected worst-case locations exhibiting visible contamination or elevated levels of volatile organic compounds in the borehole;
- (ii) if any constituent in the groundwater sample from the source area monitoring well installed in accordance with Subpart (i) of this Part exceeds the standards or interim standards established in 15A NCAC 2L .0202 by a factor of 10 and is a discharge or release from a commercial underground storage tank, the analytical results from a groundwater sample collected from each of four additional monitoring wells or, if free product is present in any of the wells, the amount of free product in such well. The four additional monitoring wells will be installed as follows: as best as can be determined, one upgradient of the source of contamination; two downgradient of the source of contamination; and one vertical-extent well immediately downgradient from the source but within the area of contamination. The monitoring wells installed upgradient and downgradient of the source of contamination must be located such that groundwater flow direction can be determined and;
- (iii) if the four additional monitoring wells are required under Subpart (4)(F)(ii) of this Part, the analytical results from soil samples collected every five feet in the unsaturated zone in the vertical extent borehole; and
- ~~(iv)~~(iii) potentiometric data from all required wells;
- (G) the availability of public water supplies and the identification of properties served by the public water supplies within 1500 feet of the source area of a confirmed discharge or release;
- (H) the land use, including zoning if applicable, within 1500 feet of the source area of a confirmed discharge or release;
- (I) a discussion of site specific conditions or possible actions which could result in lowering the risk

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classification assigned to the release. Such discussion shall be based on information known or required to be obtained under this Subsection; and

(J) names and current addresses of all owners and operators of the underground storage tank systems for which a discharge or release is confirmed, the owner(s) of the land upon which such systems are located, and all potentially affected adjacent real property owners.

(d) The Department shall classify the risk of each known discharge or release as high, intermediate or low risk unless the discharge or release has been classified under Subparagraph (c)(3) of this Rule. For purposes of this Rule:

(1) "High risk" means that:

(A) a water supply well, including one used for non-drinking purposes, has been contaminated by the release or discharge;

(B) a water supply well used for drinking water is located within ~~1500~~ 1000 feet of the source area of a confirmed discharge or release;

(C) a water supply well not used for drinking water is located within 250 feet of the source area of a confirmed discharge or release;

(D) the groundwater within 500 feet of the source area of a confirmed discharge or release has the potential for future use in that there is no source of water supply other than the groundwater;

(E) the vapors from the discharge or release pose a serious threat of explosion due to accumulation of the vapors in a confined space; or

(F) the discharge or release poses an imminent danger to public health, public safety, or the environment.

(2) "Intermediate risk" means that:

(A) surface water is located within 500 feet of the source area of a confirmed discharge or release and the maximum groundwater contaminant concentration exceeds the applicable surface water quality standards and criteria found in 15A NCAC 2B .0200 by a factor of 10;

(B) in the Coastal Plain physiographic region as designated on a map entitled "Geology of North Carolina" published by the Department in 1985, the source area of a confirmed discharge or release is located in an area in which there is recharge to an unconfined or semi-confined deeper aquifer which the Department determines is being used or may be used as a principal source of drinking water;

(C) the source area of a confirmed discharge or release is within a designated wellhead protection area, as defined in 42 USC 300h-7(e);

(D) the levels of groundwater contamination for ~~all contaminants any contaminant except ethylene dibromide, benzene and alkane and aromatic carbon fraction classes~~ exceed 50 percent of the solubility of the contaminant at 25 degrees Celsius or 1,000 times the groundwater standard or interim standard established in 15A NCAC 2L .0202, whichever is lower; or

(E) the levels of groundwater contamination for ethylene dibromide and benzene exceed 1000 times the federal drinking water standard set out in 40 CFR 141.

(3) "Low risk" means that:

(A) the risk posed does not fall within the high or intermediate risk categories; or

(B) based on review of site-specific information, limited assessment or interim corrective actions, the Department determines that the discharge or release poses no significant risk to human health or the environment.

If the criteria for more than one risk category applies, the discharge or release shall be classified at the highest applicable risk category unless the Department has reclassified the discharge or release pursuant to Paragraph (e) of this Rule.

(e) The Department may reclassify the risk posed by a release if warranted by further information concerning the potential exposure of receptors to the discharge or release or upon receipt of new information concerning changed conditions at the site. After initial classification of the discharge or release, the Department may require limited assessment, or interim corrective action, or other actions which the Department believes will result in a lower risk classification. It shall be a continuing obligation of each responsible party to notify the Department of any changes that might affect the level of risk assigned to a discharge or release by the Department if the change is known or should be known by the responsible party. Such changes shall include, but shall not be limited to, changes in zoning of real property, use of real property or the use of groundwater that has been contaminated or is expected to be contaminated by the discharge or release, if such change could cause the Department to reclassify the risk.

(f) If the risk posed by a discharge or release is determined by the Department to be high risk, the responsible party shall comply with the assessment and cleanup requirements of Rule .0106(c), (g) and (h) of this Subchapter and 15A NCAC 2N .0706 and .0707. The goal of any required corrective action for groundwater contamination shall be restoration to the level of the groundwater standards set forth in 15A NCAC 2L .0202, or as closely thereto as is economically and technologically feasible. In any corrective action plan submitted pursuant to this Subsection, natural attenuation shall be used to the maximum extent possible. If the responsible party demonstrates that natural attenuation prevents the further migration of the plume, the Department may approve a groundwater monitoring plan.

(g) If the risk posed by a discharge or release is determined by the Department to be an intermediate risk, the responsible party shall comply with the assessment requirements of 15A NCAC 2L .0106 (c) and (g) and 15A NCAC 2N .0706. As part of the comprehensive site assessment, the responsible party shall evaluate, based on site specific conditions, whether the release poses a significant risk to human health or the environment. If the Department determines, based on the site-specific conditions, that the discharge or release does not pose a significant threat to human health or the environment, the site shall be reclassified as a low risk site. If the site is not reclassified, the responsible party shall, at the direction of the Department, submit a groundwater monitoring plan or a corrective action plan, or a combination thereof, meeting the cleanup standards of this Subsection Paragraph and containing the information

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required in 15A NCAC 2L .0106(h) and 15A NCAC 2N .0707. Discharges or releases which are classified as intermediate risk shall be remediated, at a minimum, to a cleanup level of 50 percent of the solubility of the contaminant at 25 degrees Celsius or 1,000 times the groundwater standard or interim standard established in 15A NCAC 2L .0202, whichever is lower for all any groundwater contaminants contaminant except ethylene dibromide, benzene and alkane and aromatic carbon fraction classes. Ethylene dibromide and benzene shall be remediated to a cleanup level of 1,000 times the federal drinking water standard set out in 40 CFR 141. Additionally, if a corrective action plan or groundwater monitoring plan is required under this Subsection Paragraph, the responsible party shall demonstrate that the groundwater cleanup levels are sufficient to prevent a violation of:

- (1) the Rules contained in 15A NCAC 2B;
- (2) the standards contained in 15A NCAC 2L .0202 in a deep aquifer as described in Part (d)(2)(B) of this Rule; and
- (3) the standards contained in 15A NCAC 2L .0202 at a location no closer than one year time of travel upgradient of a well within a designated wellhead protection area, based on travel time and the natural attenuation capacity of the subsurface materials or on a physical barrier to groundwater migration that exists or will be installed by the person making the request.

In any corrective action plan submitted pursuant to this Subsection, natural attenuation shall be used to the maximum extent possible.

(h) If the risk posed by a discharge or release is determined by the Department to be a low risk, the Department shall notify the responsible party that no cleanup, no further cleanup or no further action will be required by the Department unless the Department later determines that the discharge or release poses an unacceptable risk or a potentially unacceptable risk to human health or the environment. No notification will be issued pursuant to this subsection, however, until the responsible party has completed soil remediation pursuant to Paragraph (i) of this Rule except as provided in Paragraph (r) or as closely thereto as economically or technologically feasible. The issuance by the Department of a notification under this Paragraph shall not affect any private right of action by any party which may be affected by the contamination.

(i) Assessment and remediation of soil contamination shall be addressed as follows:

- (1) At the time that the Department determines the risk posed by the discharge or release, the Department shall also determine, based on site-specific information, whether the site is "residential" or "industrial/commercial." For purposes of this Rule, a site is presumed residential, but may be classified as industrial/commercial if the Department determines based on site-specific information that exposure to the soil contamination is limited in time due to the use of the site and does not involve exposure to children. For purposes of this Paragraph "site" means both the property upon which the discharge or release has occurred and any property upon which soil has been affected by the discharge or release.

(2) The responsible party shall submit a report to the Department assessing the vertical and horizontal extent of soil contamination.

(3) For a discharge or release classified by the Department as low risk, the responsible party shall submit a report demonstrating that soil contamination has been remediated to either the residential or industrial/commercial maximum soil contaminant concentration established by the Department pursuant to Paragraph (m), whichever is applicable.

(4) For a discharge or release classified by the Department as high or intermediate risk, the responsible party shall submit a report demonstrating that soil contamination has been remediated to the lowest of:

(A) the residential or industrial/commercial maximum soil contaminant concentration, whichever is applicable, that has been established by the Department pursuant to Paragraph (m) of this Rule; or

(B) the "soil-to-groundwater" maximum soil contaminant concentration that has been established by the Department pursuant to Paragraph (m) of this Rule.

(i) A responsible party who submits a corrective action plan which proposes natural attenuation or to cleanup groundwater contamination to a standard other than a standard or interim standard established in 15A NCAC 2L .0202, or to cleanup soil other than to the standard for residential use or soil-to-groundwater contaminant concentration established pursuant to this Rule, whichever is lower, shall give notice to: the local Health Director and the chief administrative officer of each political jurisdiction in which the contamination occurs; all property owners and occupants within or contiguous to the area containing the contamination; and all property owners and occupants within or contiguous to the area where the contamination is expected to migrate. Such notice shall describe the nature of the plan and the reasons supporting it. Notification shall be made by certified mail concurrent with the submittal of the corrective action plan. Approval of the corrective action plan by the Department shall be postponed for a period of thirty (30) days following receipt of the request so that the Department may consider comments submitted by interested individuals. The responsible party shall, within a time frame determined by the Department, provide the Department with a copy of the notice and proof of receipt of each required notice, or of refusal by the addressee to accept delivery of a required notice. If notice by certified mail to occupants under this Subsection is impractical, the responsible party may give notice by posting such notice prominently in a manner designed to give actual notice to the occupants. If notice is made to occupants by posting, the responsible party shall provide the Department with a copy of the posted notice and a description of the manner in which such posted notice was given.

(k) A responsible party who receives a notice pursuant to Paragraph (h) of this Rule for a discharge or release which has not been remediated to the groundwater standards or interim standards established in Rule .0202 of this Section or to the lower of the residential or soil-to-groundwater contaminant concentrations established under Paragraph (m) of this Rule, shall, within 30 days of the receipt of such notice, provide a copy of the notice to: the local Health Director and the chief administrative officer of each political jurisdiction in which the contamination occurs; all property

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owners and occupants within or contiguous to the area containing contamination; and all property owners and occupants within or contiguous to the area where the contamination is expected to migrate. Notification shall be made by certified mail. The responsible party shall, within a time frame determined by the Department, provide the Department with proof of receipt of the copy of the notice, or of refusal by the addressee to accept delivery of the copy of the notice. If notice by certified mail to occupants under this Paragraph is impractical, the responsible party may give notice by posting a copy of the notice prominently in a manner designed to give actual notice to the occupants. If notice is made to occupants by posting, the responsible party shall provide the Department with a description of the manner in which such posted notice was given.

(l) To the extent feasible, the Department shall maintain in each of the Department's regional offices a list of all petroleum underground storage tank discharges or releases discovered and reported to the Department within the region on or after the effective date of this rule and all petroleum underground storage tank discharges or releases for which notification was issued under Paragraph (h) by the Department on or after the effective date of this Rule.

(m) The Department shall publish, and annually revise, maximum soil contaminant concentrations to be used as soil cleanup levels for contamination from petroleum underground storage tank systems. Maximum soil contaminant concentrations will be established for residential, industrial/commercial and soil-to-groundwater exposures. The following equations and references shall be used in establishing the residential and industrial/commercial maximum soil contaminant concentrations:

Residential:

(1) The following equations and references shall be used in establishing residential maximum soil contaminant concentrations. Equation 1 shall be used for each contaminant with an EPA carcinogenic classification of A, B1, B2, C, D or E. Equation 2 shall be used for each contaminant with an EPA carcinogenic classification of A, B1, B2 or C. The maximum soil contaminant concentration shall be the lowest of the concentrations derived from Equations 1 and 2.

(A) Equation 1: Non-cancer Risk-based Residential Concentration

$$\text{Soil mg/kg} = 15.642.86 \times \text{oral chronic reference dose}$$

(B) Equation 2: Cancer Risk-based Residential Concentration

$$\text{Soil mg/kg} = 0.6387 / \text{oral cancer slope factor}$$

(C) The following references or the most recent version of these references:

in order of preference shall be used to obtain oral chronic reference doses and oral cancer slope factors:

(i) EPA Integrated Risk Information System (IRIS) Computer Database;

(ii) EPA Health Effects Assessment Summary Tables (HEAST);

(iii) EPA Region III Risk-based Concentration Tables (RBC Tables);
Office of RCRA Technical and Program Support Branch;
Available at:

<http://www.epa.gov/reg3hwmd/index.html>

(iv) EPA 1995 Supplemental Guidance to RAGS Region 4
Bulletins Human Health Risk Assessment including future
amendments; and

(v) Other appropriate published health risk assessment data and
scientifically valid peer-reviewed published toxicological data.

Industrial/Commercial:

(2) The following equations and references shall be used in establishing industrial/commercial maximum soil contaminant concentrations. Equation 1 shall be used for each contaminant with an EPA carcinogenic classification of A, B1, B2, C, D or E. Equation 2 shall be used for each contaminant with an EPA carcinogenic classification of A, B1, B2 or C. The maximum soil contaminant concentration shall be the lowest of the concentrations derived from Equations 1 and 2.

(A) Equation 1: Non-cancer Risk-based Industrial/Commercial Concentration
$$\text{Soil mg/kg} = 408,800 \times \text{oral chronic reference dose}$$

(B) Equation 2: Cancer Risk-based Industrial/Commercial Concentration
$$\text{Soil mg/kg} = 5.7232 / \text{oral cancer slope factor}$$

Equation 1 shall be used for each contaminant with an EPA carcinogenic classification of A, B1, B2, C, D or E. Equation 2 shall be used for each contaminant with an EPA

carcinogenic classification of A, B1, B2 or C. The maximum soil contaminant concentration shall be the lowest of the concentrations derived from Equations 1 and 2.

(C) The following references or the most recent version of these references, in order of preference, shall be used to obtain oral chronic reference doses and oral cancer slope factors:

- (1) (i) EPA. Integrated Risk Information System (IRIS) Computer Database.
- (2) (ii) EPA. Health Effects Assessment Summary Tables (HEAST).
- (3) (iii) EPA Region III. Risk-based Concentration Tables (RBC Tables). Office of RCRA, Technical and Program Support Branch. Available at:
<http://www.epa.gov/reg3hwmd/index.html>;
- (4) (iv) EPA. 1995. Supplemental Guidance to RAGS: Region 4 Bulletins Human Health Risk Assessment, including future amendments, and
- (5) (v) Other appropriate, published health risk assessment data, and scientifically valid peer-reviewed published toxicological data.

(3) The following equations and references shall be used in establishing the soil-to-groundwater maximum contaminant concentrations:

(A) Organic Constituents:

$$\text{Soil mg/kg} = \text{groundwater standard or interim standard} \times [(.02 \times \text{soil organic carbon-water partition coefficient}) + 4 + (1.733 \times 41 \times \text{Henry's Law Constant (atm.-m}^3/\text{mole)})]$$

(i) If no groundwater standard or interim standard has been established under Rule 21.0202 of this Subchapter, the practical quantitation limit should be used in lieu of a standard to calculate the soil-to-groundwater maximum contaminant concentrations.

(ii) The following references or the most recent version of these references, in order of preference, shall be used to obtain soil organic carbon-water partition coefficients and Henry's Law Constants:

- (1) EPA. 1996. Soil Screening Guidance: Technical

~~Background Document (EPA/540/R95/128)~~

~~(II)~~

~~EPA 1986 Superfund Public Health Evaluation
Manual: Office of Emergency and Remedial
Response (EPA/540/R-86/060)~~

~~(III)~~

~~Agency for Toxic Substances and Disease Registry
"Toxicological Profile for Individual Chemical"
U.S. Public Health Service~~

~~(IV)~~

~~Montgomery, J.H. 1996. Groundwater Chemicals
Desk Reference. CRC Press, Inc.~~

~~(V)~~

~~Sims, R.C., J.L. Sims and S.G. Hansen, 1991. Soil
Transport and Fate Database, Version 2.0. EPA
Robert S. Kerr Environmental Laboratory and~~

~~(VI)~~

~~Other appropriate published peer-reviewed and
scientifically valid data~~

~~(B)~~ Inorganic Constituents:

Soil mg/kg = groundwater standard or interim standard x [(20 x soil-water partition coefficient for
pH of 5.5) + 4 + (1.733 x 41 x Henry's Law Constant (atm.-m³/mole))]

~~(i)~~

If no groundwater standard or interim standard has been established under Rule 2L .0202
of this Section Subchapter, the practical quantitation limit should be used in lieu
of a standard to calculate the soil-to-groundwater maximum contaminant concentrations.

~~(ii)~~

The following references or the most recent version of these references, in order of
preference, shall be used to obtain soil-water partition coefficients and Henry's Law
Constants:

~~(1)~~

~~(I)~~

EPA. 1996. Soil Screening Guidance: Technical Background
Document. (EPA/540/R95/128).

~~(2)~~

~~(II)~~

Baes, C.F., III, R.D. Sharp, A.L. Sjoreen, and R.W. Shor. 1984. A
Review and Analysis of Parameters for Assessing Transport of
Environmentally Released Radionuclides Through Agriculture. Oak
Ridge National Laboratory.

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(3)

(III)

Agency for Toxic Substances and Disease Registry, "Toxicological Profile for [individual chemical]." U.S. Public Health Service;

(4)

(IV)

Sims, R.C., J.L. Sims and S.G. Hansen. 1991. Soil Transport and Fate Database. Version 2.0. EPA Robert S. Kerr Environmental Laboratory; and

(5)

(V)

Other appropriate, published, peer-reviewed and scientifically valid data.

(n) Analytical procedures for soil samples required under this Rule shall be as follows:

- (1) soil samples collected from a discharge or release of low boiling point fuels, including, but not limited to gasoline, aviation gasoline and gasohol, shall be analyzed for volatile organic compounds and additives using EPA Method 8260, including isopropyl ether and methyl tertiary butyl ether;
- (2) soil samples collected from a discharge or release of high boiling point fuels, including, but not limited to, kerosene, diesel, varsol, mineral spirits, naphtha, jet fuels and fuel oil no. 2, shall be analyzed for volatile organic compounds using EPA Method 8260 and semivolatile organic compounds using EPA Method 8270;
- (3) soil samples collected from a discharge or release of heavy fuels shall be analyzed for semivolatile organic compounds using EPA Method 8270;
- (4) soil samples collected from a discharge or release of used and waste oil shall be analyzed for volatile organic compounds using EPA Method 8260, semivolatile organic compounds using EPA Method 8270, polychlorinated biphenyls using EPA Method 8080, and chromium and lead, using procedures specified in Subparagraph (6) of this Paragraph;
- (5) soil samples collected from any discharge or release subject to this Rule shall be analyzed for alkane and aromatic carbon fraction classes using methods approved by the Director under Rule 2H.0805 (a)(1) of this Chapter;
- (6) analytical methods specified in Subparagraphs (1), (2), (3), and (4) of this Paragraph shall be performed as specified in the following references or the most recent version of these references: Test Methods for Evaluating Solid Wastes: Physical/Chemical Methods, November 1990, U.S. Environmental Protection Agency publication number SW-846; or in accordance with other methods or procedures approved by the Director under 15A NCAC 2H .0805 (a)(1);
- (7) other EPA approved analytical methods may be used if the methods include the same constituents as the analytical methods specified in Subparagraphs (1), (2), (3), and (4) of this Paragraph and meet the detection limits of the analytical methods specified in Subparagraphs (1), (2), (3), and (4) of this

Paragraph and

(8) metals and acid extractable organic compounds shall be eliminated from analyses of soil samples collected pursuant to this Rule; if these compounds are not detected in soil samples collected during the construction of the source area monitoring well required under Subpart (c)(4)(F)(i) of this Rule;

(o) Analytical procedures for groundwater samples required under this Rule shall be as follows:

(1) groundwater samples collected from a discharge or release of low boiling point fuels, including, but not limited to, gasoline, aviation gasoline and gasohol, shall be analyzed for volatile organic compounds using Standard Method 6210D or EPA Methods 601 and 602, including xylenes, isopropyl ether and methyl tertiary butyl ether. Samples shall also be analyzed for ethylene dibromide using EPA Method 504.1 and lead using Standard Method 3030C preparation. 3030C metals preparation, using a 0.45 micron filter, must be completed within 72 hours of sample collection;

(2) groundwater samples collected from a discharge or release of high boiling point fuels, including, but not limited to, kerosene, diesel, varsol, mineral spirits, naphtha, jet fuels and fuel oil no. 2, shall be analyzed for volatile organic compounds using EPA Method 602 and semivolatile organic compounds plus the 10 largest non-target peaks identified using EPA Method 625;

(3) groundwater samples collected from a discharge or release of heavy fuels shall be analyzed for semivolatile organic compounds plus the 10 largest non-target peaks identified using EPA Method 625;

(4) groundwater samples collected from a discharge or release of used or waste oil shall be analyzed for volatile organic compounds using Standard Method 6210D, semivolatile organic compounds plus the 10 largest non-target peaks identified using EPA Method 625, and chromium and lead using Standard Method 3030C preparation. 3030C metals preparation, using a 0.45 micron filter, must be completed within 72 hours of sample collection;

(5) groundwater samples collected from any discharge or release subject to this Rule shall be analyzed for alkane and aromatic carbon fraction classes using methods approved by the Director under Rule 2H.0805(a)(1) of this Chapter;

(6) analytical methods specified in Subparagraphs (1), (2), (3) and (4) of this Paragraph shall be performed as specified in the following references or the most recent version of these references: Test Procedures for the Analysis of Pollutants under the Clean Water Act, Federal Register Vol. 49 No. 209, 40 CFR Part 136, October 26, 1984; Standard Methods for the Examination of Water and Wastewater, published jointly by American Public Health Association, American Water Works Association and Water Pollution Control Federation; Methods for Determination of Organic Compounds in Drinking Water, U.S. Environmental Protection Agency publication number EPA-600/4-79-020; or in accordance with other methods or procedures approved by the Director under 15A NCAC 2H.0805 (a)(1);

Proposed Temporary Rule: Environmental Management Commission Version (9/11/97)

(7) other EPA-approved analytical methods may be used if the methods include the same constituents as the analytical methods specified in Subparagraphs (1), (2), (3), and (4) of this Paragraph and meet the detection limits of the analytical methods specified in Subparagraphs (1), (2), (3), and (4) of this Paragraph; and

(8) metals and acid extractable organic compounds shall be eliminated from analyses of groundwater samples collected pursuant to this Rule, if these compounds are not detected in the groundwater sample collected from the source area monitoring well installed pursuant to Subpart (C)(4)(F)(i) of this Rule.

(p) In accordance with 15A NCAC 2H.0804, laboratories are required to obtain North Carolina Division of Water Quality laboratory certification for parameters that are required to be reported to the State in compliance with the State's surface water, groundwater and pretreatment rules.

(q) This Rule shall not relieve any person responsible for assessment or cleanup of contamination from a source other than a commercial or noncommercial underground storage tank from its obligation to assess and clean up contamination resulting from such discharge or releases.

(r) If the risk posed by the discharge or release has been classified by the Department as Class AB under 1995 (Reg. Sess., 1996) c. 648, s. 1, the discharge or release is classified as high risk under this Rule unless and until the Department reclassifies the risk posed by the discharge or release. If the risk posed by the discharge or release has been classified by the Department as Class CDE under 1995 (Reg. Sess., 1996) c. 648, s. 1, the discharge or release is classified as low risk under this Rule unless and until the Department reclassifies the risk posed by the discharge or release. It shall be the obligation of the responsible party to notify the Department of any factors that might affect the level of risk assigned to Class AB or Class CDE discharges or releases by the Department. Responsible parties for Class AB discharges or releases for which a site assessment pursuant to Rule .0106 (c) and (g) has been submitted to the Department before the effective date of this Rule, shall continue to comply with notices previously received from the Department unless and until the Department determines under Paragraph (b) that application of all or part of this Rule is necessary to protect human health or the environment or may result in a more cost effective assessment and cleanup of the discharge or release, should apply to the discharge or release. If a site assessment pursuant to Rule .0106 (c) and (g) of this Section has not been submitted to the Department for a Class AB or Class CDE discharge or release before the effective date of this Rule, the responsible party shall comply with Paragraph (c) of this Rule unless the Department has issued a closure notice for the discharge or release. For discharges or releases classified as low risk under this subsection and for which a site assessment pursuant to Rule .0106 (c) and (g) of this Section has been submitted to the Department prior to the effective date of this Rule, the Department may issue a notification under Paragraph (h) of this Rule if the responsible party demonstrates that soil contamination does not exceed contamination cleanup levels established by the Department in the "Groundwater Section Guidelines for the Investigation and Remediation of Soils and Groundwater" (March 1997).

1 *History Note:* *Authority G.S. 143-215.2; 143-215.3(a)(1); 143-215.94A; 143-215.94E; 143-215.94(T); 143-*
2 *215.94(V); 143B-282; 1995 (Reg.Sess. 1996) c.648, s.1;*
3 *Temporary Adoption Eff.: January 2, 1998;*

.0701 GENERAL

(a) The "General" provisions contained in 40 CFR 280.60 (Subpart F) have been adopted by reference in accordance with ~~G.S. 150B-14(e)~~ G.S. 150B-21.6.

(b) Any corrective action undertaken in accordance with this Section must meet the requirements and standards specified in 15A NCAC 2L ~~0106. 2L~~.

History Note: Authority G.S. 143-215.3(a)(15); 143B-282(2)(h); ~~150B-14(e)~~
150B-21.6;

Eff. January 1, 1991.

Temporary Amendment Eff. January 2, 1998.

15A NCAC 2N. 0707 has been amended in a temporary action as follows:

.0707 CORRECTIVE ACTION PLAN

(a) The provisions for a "Corrective action plan" contained in 40 CFR 280.66 (Subpart F) have been incorporated by reference including any subsequent amendments and editions with the exception of the following Paragraph. This material is available for inspection at the Department of Environment, Health and Natural Resources, Division of ~~Environmental Management~~, Water Quality, Groundwater Section, ~~512 North Salisbury Street~~, 2728 Capital Boulevard, Raleigh, North Carolina. Copies of 40 CFR Parts 260 to 299 may be obtained from the Superintendent of Documents, Government Printing Office, Washington, D.C., 20402 at a cost of thirty-one dollars (\$31.00).

(b) 40 CFR 280.66(a) has been rewritten to read: "At any point after reviewing the information submitted in compliance with 40 CFR 280.61 through 40 CFR 280.63, the Division may require owners and operators to submit additional information or to develop and submit a corrective action plan for responding to contaminated soils and groundwater. If a plan is required, owners and operators must prepare a plan in accordance with the requirements specified in 15A NCAC 2L ~~0106~~, and submit it according to a schedule and format established by the Division. Owners and operators are responsible for submitting a plan that provides for adequate protection of human health and the environment as determined by the Division, and must modify their plan as necessary to meet this standard."

History Note:

Authority G.S. 143-215.3(a)(15); 143B-282(2)(h);

Eff. January 1, 1991

Temporary Amendment Eff. January 2, 1998:

15A NCAC 2P. 0402 has been amended in temporary action as follows:

2 .0402 CLEANUP COSTS

3 (a) In determining whether costs expended by an owner or operator or landowner are reasonable and necessary,
4 the Division shall consider the following:

- 5 (1) Adequacy and cost-effectiveness of any work performed and technical activity utilized by the owner or
6 operator or landowner in performing release response, site assessment and corrective action.
- 7 (2) Typical billing rates of engineering, geological, or other environmental consulting firms providing
8 similar services in the State as determined by the Division.
- 9 (3) Typical rental rates for any necessary equipment as determined by the Division. The amount reimbursed
10 for equipment rental shall not exceed the typical purchase price of such equipment.
- 11 (4) Typical costs or rates of any other necessary service, labor or expense as determined by the Division.
- 12 (5) Whether costs expended for corrective action were required by 15A NCAC 2L.

13 (b) Expenditures not eligible for reimbursement shall include the following:

- 14 (1) Costs of the removal and disposal of noncommercial underground storage tanks and contents removed
15 on or after July 3, 1991, and of commercial underground storage tanks and contents removed on or after
January 1, 1992;
- 16 (2) Costs of the replacement of any underground storage tank, piping, fitting, or ancillary equipment;
- 17 (3) Costs incurred in preparation of any proposals or bid by a provider of service for the purpose of
18 soliciting or bidding for the opportunity to perform an environmental investigation or cleanup, even if
19 that provider is ultimately selected to provide the service solicited;
- 20 (4) Interest on any accounts, loans, etc.;
- 21 (5) Expenses charged by the owner or operator or landowner in the processing and management of a
22 reimbursement application or subsequent claims;
- 23 (6) Attorney's fees;
- 24 (7) Penalties, fees, and fines assessed by any court or agency;
- 25 (8) Loss of profits, fees, and wages incurred by the owner or operator or landowner;
- 26

- 1 (9) Any other expenses not specifically related to environmental cleanup, or implementation of a cost
2 effective environmental cleanup, or third party bodily injury or property damage.

3 *History Note:* *Authority G.S. 143-215.3; 143-215.94B; 143-215.94D; 143-215.94E; 143-215.94L;*
4 *143-215.94T; 143-215.94V; 143B-282;*
5 *Eff. February 1, 1993;*
6 *Temporary Amendment Eff. January 2, 1998.*

Technology

Low Pressure Pipe (LPP) wastewater systems are systems which discharge the partially treated wastewater beneath the surface of the ground through small diameter pipes under slight (2-5 Hd) pressure. Pumps rather than gravity move the settled waste water from the septic tank where settling and some biological treatment takes place to the soils. The use of pumps allows the wastewater to be more effectively distributed throughout the site and enables some sites which would not support a conventional septic tank system to be used.

In many parts of our state, some or all lots in a proposed subdivision are unsuitable for the installation of individual septic systems. Developers often elect to collect the wastewater from unsuitable lots and provide treatment and disposal at another site where the soils are suitable. The developer usually assigns operation of the facility to an operator regulated by the Utilities Commission or to a homeowners' association but sometimes retains ownership of all or part of the land on which the system is located. In some cases, in an effort to reduce the needed size and cost of the collection system and to overcome variations in topography, the individual homes continue to have a septic tank for settling the wastes and a pump to pump the wastewater into the collection system. This is unlike most municipal wastewater collection systems where the wastewater flows by gravity into large diameter gravity sewers.

These differences complicate ownership issues because critical system components are often owned by different people or companies. It is sometimes difficult to connect these systems, known as "STEP" systems to municipal systems due to ownership and maintenance questions and pressure differences. All of these complications exist in the Wake County Systems we are discussing today.

General Background

Statewide LPP Systems have been used since the late 70's and have been included as an alternative system in the State sewage rules since 1982. Although most of the systems have been installed to serve single family homes, approximately 150 have been designed and installed to serve communities, condominiums and commercial development.

In the years since LPP systems began to be placed in service, we have learned a lot about the importance of regular maintenance and proper installation for improving system performance. The rules have been revised over the years to require this maintenance for even the smallest residential system.

At the time the community LPP systems we are discussing today were permitted, the law assigned permitting of all systems owned and operated by public utilities to the Division of Environmental Management. Faced with limited resources, the Division of Environmental Management was forced to prioritize its oversight of the various types of wastewater systems under its jurisdiction. Larger systems such as those serving cities and towns and industrial systems with the potential for highly toxic discharges got the highest priority in oversight. Systems such as these LPP systems with design capacities of 3000 to 100,000 gallons got less attention.

Over time, the state realized the need to transfer authority for all subsurface systems to the Division of Environmental Health where the local health departments and state agencies with specific subsurface system expertise could provide oversight. The local health departments are in the areas potentially impacted by small system failure and are in the best position to oversee siting, construction, and on-going operation of these systems. This transfer took place in 1992.

When these LPP systems were installed, the Utilities Commission either

required no bond or allowed regulated utilities to meet their bonding requirements by positing a single bond to cover multiple systems. Unfortunately, when the systems in question all failed, the bonds did not come close to covering the cost of repairs. The Utilities Commission and the legislature recognized this problem and revised the bonding requirements in the mid 90's. However, there are still financial disincentives for a utility company who wants to set aside a repair fund from its rates.

Early in the development of LPP systems, one of the selling features was the ability to install the nitrification lines in wooded areas. This enabled people to keep trees and natural areas. Over time, it was determined that tree roots had a negative effect on system operation. New systems require a larger cleared area around the drain field. The LPP systems we are discussing today were permitted prior to this change in policy. Ten of them were damaged during Hurricane Fran, primarily due to the roots of falling trees uprooting the drain lines.

Although the technology involved in LPP systems is not “experimental”, use over time has taught us a great deal of how to use this technology effectively. Systems were permitted using the information available when they were permitted. Their problems enabled the state and Wake County to revise the requirements to avoid similar problems in the future.

As development in North Carolina continues, there will be increasing pressure to permit new technologies that may allow development of land that is “undevelopable” using traditional wastewater disposal methods. The state cannot guarantee that these systems will work without repair forever. We can and will continue to use the information we have available to permit only those systems likely to operate effectively.

However, the citizens who purchase the homes served by any type of wastewater system need to understand what they are buying. The need

for disclosure at the time of sale has not yet been addressed by the general assembly.

S:\ADMIN\SEWALL\Low Pressure Pipe Systems-Talk.wpd

**Status Update: North State, Harrco, and/or Fran-Damaged LPP Systems
October 21, 1997**

SYSTEM	COUNTY	ORIGINAL OWNERSHIP	FRAN DAMAGED	STATUS
Sutton	Wake	North State	No	Raleigh-connected
Monticello*	Wake	North State	No	Heater-connected
Saddleridge	Wake	North State	No	Heater-connected
Banbury Woods*	Wake	North State	Yes	Raleigh-connected
Manchester*	Wake	North State	Yes	Raleigh-connected
Holly Brook*	Wake	North State	Yes	Cary-connected
Woods of Ashbury	Wake	North State	Yes	Fuguay-connected
Wexford	Durham	North State	No	Heater-connected
Piney Mountain	Orange	North State	No	Durham-connected
croft	Mecklenburg	North State	No	CMUD-connected
River Oaks	Wake	Harrco	Yes	Pump & haul
Sheffield Manor	Wake	Harrco	Yes	Pump & haul
Stone Bridge	Wake	Harrco	Yes	Repaired & operating
Stone Creek*	Wake	Harrco	Yes	Partially repaired & operating, remainder pump & haul, N.O.V. Issued
Woods of Tiffany	Wake	Harrco	Yes	Partially repaired & operating, remainder pump & haul, N.O.V.. issued
Park Ridge*	Wake	Harrco	No	Portions malfunctioning, needs repair, N.O.V. issued
Yates Mill Run	Wake	Intech	Yes	Pump & haul
Hardscrabble	Durham	Harrco	No	In operation, functioning properly
Pleasant Union School	Wake	Wake Cty Schools	Yes	Repaired & operating

*Port claims filed against individuals in DENR and the Utilities Commission by persons in these subdivisions

DETAILED STATUS, WAKE COUNTY LPP SYSTEMS ON PUMP & HAUL and/or MALFUNCTIONING

SYSTEM	PUMP & HAUL	REPAIR PLAN	PROJECTED COMPLETION	ISSUES REMAINING
River Oaks	Yes	Connect to Raleigh	30 days	Harrco Settlement
Sheffield Manor	Yes	Connect to Raleigh	180 days	Harrco Settlement
Woods of Tiffany	Partially	Interim repairs Connect to Raleigh	270 days 480 days	Awaiting plans submitted from Carolina Water Service Harrco Settlement, other ownership questions, finalizing plans and financing
Yates Mill Run	Yes	Connect to Raleigh	480 days	Finalizing plans and construction schedule
Stone Creek*	Partially	Interim repairs	150 days	Construction schedule for repairs
Park Ridge*	No	Interim repairs	?	Awaiting plans submitted from Water Service

Stone Creek, Park Ridge and Stone Bridge (where interim repairs have been made), a plan is being coordinated by Wake County for a joint project to connect these systems to the City of Raleigh. Issues remaining include Harrco Settlement, finalizing plans and financing.

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Natural and Economic Resources

October 21, 1997

Name of Committee

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Lois Artis-Murray

DENR

Jane Smith

DENR

Ans Case

DENR

Devin A Ramsey

DENR

Rev. Buzzard

PRO TEMPORE'S OFFICE

Arthur Mambergy

DENR - DWQ - Groundwater

Kita Lee

DENR - Waste Management

Quint Legg

ESC

Rollercoaster
Barnyard

ENTR

LINDA RIMEN

DENIL

[Signature]

Do

Deputy State

DENR

[Signature]

7C 7K

Bienda Dougherty

Sprint

George Howe

Man

Spini' Blackburn

N.C. Association of County Commissioners

David Summer

ZDA PA

Harlan Britt

DWQ - DENR

Lloyd E. Inman, Jr.

DENR

NER Appropriations Subcommittee
Wednesday, October 22, 1997
8:45 a.m. - 5:00 p.m.

1. North Carolina State University

- Tour of NCSU Animal Waste Management Center, Poultry Houses and Aquaculture Facility - Lake Wheeler Road. Transportation will depart Legislative Office Building at 8:45. Lunch to be provided.

2. Department of Agriculture and Consumer Services

- North Carolina State Fair

Greeting and brief overview by NCDA - facilities tour
Demonstration of Amusement Device Inspections program
Demonstration of Food Sanitation program
Tour of various agency exhibits on site

**Joint Appropriations Subcommittee
On
Natural and Economic Resources**

Wednesday October 22, 1997 at 1:00 p.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, October 22, 1997. Four Senate members attended the meeting. Representatives Carpenter, Mitchell, Baker, Fox, Hall, Owens, Tolson, Allen, and Weatherly and were present.


The Committee traveled to North Carolina State University for an overview of the College of Forest resources and forest biotechnology efforts underway on campus. Following Committee discussion, members traveled to the University fish Barns and received an overview of the aquaculture program by Dr. Tom Losordo with NCSU's Zoology Department. Dr. Mike Williams provided a tour of the Animal Waste Management Center and processing facility located at the Lake Wheeler Road Field Laboratory. Dr. Phil Westerman presented an overview of the Ekocan Demonstration Project underway at the field lab. Dr. Jerry Haverstein took the subcommittee through a poultry house on site, and led a discussion on poultry building technology. The tour concluded with a working lunch in the processing facility classroom where members listened to a discussion of experimental odor control monitoring through the use of an electric odor sensing device called the "electric nose."

The subcommittee then traveled to the North Carolina State Fair, a division of the Department of Agriculture and Consumer Services. Commissioner Jim Graham greeted the members and walked them through the Harvest Time and Cyberspace exhibits at the fairgrounds. Department officials provided a brief tour of the fairground facilities, which led into a discussion of plans for future expansion (the 1997 General Assembly appropriated \$1 million in planning funds for a multi-purpose building at the fairgrounds, which is envisioned to be a companion building to the Graham Building).

Officials from the Department of Labor briefed the committee on the Apprenticeship program. During the briefing the committee attended the awards ceremony for apprenticeship participants who competed in the program's annual contest which is held

each year during the State Fair. Inspectors with the department's Elevator and Amusement Device Inspection Bureau led members through a safety inspection of two separate amusement rides located at the State Fair. Members were shown examples of the various manuals and inspections routines required to certify a ride safe to operate under state safety laws.

DENR and Wake County Health Department representatives provided the subcommittee with an overview of the rules governing the sanitation of restaurants and other food handling establishments at the fairgrounds. Members were divided into small groups and given an inspection walk-through of various temporary eating establishments at the fair by Wake County officials.


Carolyn M. Gooden, Committee Clerk


Senator R.L. Martin, Chairman

NER Appropriations Subcommittee
Thursday, October 23, 1997
9:00 a.m. - 1:00 p.m.

1. Department of Commerce

- Discussion of departmental reorganization

E. Norris Tolson
Secretary

- Discussion on Governor's European/Asia Mission

E. Norris Tolson
Secretary

- Discussion of Commerce's role in welfare reform

Rick Carlisle
Deputy Secretary for Policy, Research and Development

- Commerce overview of SIPS

Rick Webb
Assistant Secretary for Information Technology
Chief Information Officer

2. Committee Discussion/November Agenda/Adjourn

**Joint Appropriations Subcommittee
On
Natural and Economic Resources**

Thursday, October 23, 1997 at 1:00 p.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, October 21, at 11:00 a.m. in Room 423 of the Legislative Office Building. Four Senate members attended the meeting. Representatives Carpenter, Mitchell, Baker, Fox, Hall, Owens, Tolson, Allen, and Weatherly and were present.

Chairman Carpenter called the meeting to order. Representative Carpenter introduced Secretary Norris Tolson, Department of Commerce, who addressed the Committee on the reorganization of the Department. These are Attachments A and B of these minutes. This is a new organization chart that the Department created to get the job done more efficiently. Secretary Tolson said they restructured using the same people; they did not increase the staff. He said they divided the Department into four distinct pieces. They grouped these four segments into logical units. Secretary Tolson reviewed the handout which sets up the reorganizational structure and the responsibilities of the people within the new structure (See Attachment B). Secretary Tolson said the Commissions attached to the Department are a large part of the Department's budget.

Secretary Tolson reported that they have recruited, in the last seven months, new industry which has been placed in 65 of North Carolina's 100 counties. They have active project work underway in 85 of North Carolina's 100 counties. Senator Martin said the number one objective is to get industry to come to depressed counties, but no one can make industry go where they do not want to go. Secretary Tolson said there are many factors involved when new industry decided where to locate. The Department cannot force industry into distressed areas.

Representative Carpenter asked Secretary Tolson to speak on the Governor's European/Asia Mission. His remarks are Attachment C of these minutes. Other related Attachments are D, E, F, and G of these minutes. He said the principle mission was to promote North Carolina to potential people who want to come here. This mission made over 100 calls between Europe and Asia promoting North Carolina. He said they had five teams working in Europe; three investment teams, one travel and tourism team, and one

international trade team. They made 50 investment calls and those calls will convert around the rate of 75% for investment in North Carolina. This should happen in the next twelve months. Secretary Tolson said he spent four weeks on the road for the Trade Mission. He said the returns for North Carolina will be very substantial.

Mr. Rick Carlisle, Deputy Secretary for Policy, Research and Development, with the Department of Commerce addressed the Committee on Commerce's role in welfare reform. He said workforce is what built this state. He said there is a decline in the demand for labor among the lower skill manufacturing companies. The production is going up in a lot of cases because of adding technology and capital. The skill requirements are going up and they need less low skill labor. There are skill shortages in parts of North Carolina. What this means is that more skills must be drawn from the existing labor force which means that they have to train and retrain them. If this is not done, employers are going to look at North Carolina have concerns over finding labor in this state. This training is key to the success of the state. The Department of Commerce has been playing a vital role in workforce development and workforce specifically. Mr. Carlisle mentioned three pieces of legislation in the budget that allowed Commerce to get more involved in these areas. One was the provision to transfer the Workforce Commission over to Commerce to integrate that with employment and training. The second provision created a new program inside the Department of Commerce called First Stop Employment Assistance. In order to apply for welfare funds, under this new law one must go to the Employment Security first and register for work or placement services and get a certificate stating you were there before going to the local county office. The Department of Commerce was directed to work with the Employment Security Commission, Department Health and Human Services, and the Community Colleges to put this into place. This will be a very important part of the welfare initiative. This is to connect welfare recipients with employers and the labor market. The third provision directed the Governor to designate the Department of Commerce as the lead agency under the Federal Welfare to Work Program. This program will provide North Carolina \$25 million next year and another \$24 million the year after to help provide services for welfare recipients to work. These three provisions added major new responsibilities to Commerce in this area. The focus is put jobs around the state.

Mr. Rick Webb, Assistant Secretary for Information Technology, presented an overview of SIPS. This is Attachment H of these minutes. He said that this was a new agency for this Committee. Mr. Webb introduced Mr. Dennis McCarty, Chief of the State Information Processing Service, Mr. Jim Broadwell, Director of the North Carolina Integrated Information Network, and Ms. Debra Jones, Coordinator of the Year 2000 Project, who helped with the presentation.

Mr. Webb said under his direction are the following areas: Information Resource Management, State Information Processing Services, North Carolina Integrated Information Network, and Year 2000 (Y2K). Mr. Webb said their agency is receipt supported; their revenues are derived from the services provided to various agencies of

state government as well as to local governments, all schools K-12 community colleges UNC system, and the federal government.

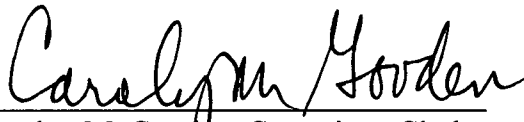
Mr. Dennis McCarty began his presentation on page 3 of the handout. (See Attachment H) He said the State Information Processing Services was created by the General Assembly in 1983. There were four major reasons SIPS was created. The first reason was to reduce unit cost of computing and telecommunications and the second was to raise the level of technology available to all Agencies. The third reason was to improve Information Sharing among Agencies and the fourth was to improve the Information Technological Infrastructure for State Government.


Representative Baker asked if SIPS had a disaster plan? Mr. McCarty said for example, in the case of Hurricane Fran had their building been deserted, within 48 hours they would be at an alternate site up and running. It takes about 4 days to completely recover.

Mr. Jim Broadwell's presentation began on page 8 of the handout. He said the State Telecommunications Services provides for the daily communication requirements of the state. This means all the computers across the state are connected and run by State Telecommunications. The main vehicle for providing these services is the North Carolina Information Highway. There are 135 sites working on the Information Highway. Representative Mitchell asked the average cost per site per month. Mr. Broadwell reported that is was \$4,000 a month. They are completely receipt supported.

Ms. Debra Jones gave a presentation on the Statewide Year 2000 Project This is Attachment I of these minutes. She explained the problem of the Year 2000 and what action the state intended to take concerning this problem. This problem concerns converting the Year 2000 in state computers. SIPS is providing administration funds for this effort. The goal is for every state system to come into compliance is December 1998.

The meeting adjourned at 12:15 p.m.


Carolyn M. Gooden, Committee Clerk


Senator R.L. Martin, Chairman

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Natural and Economic Resources

October 23, 1997

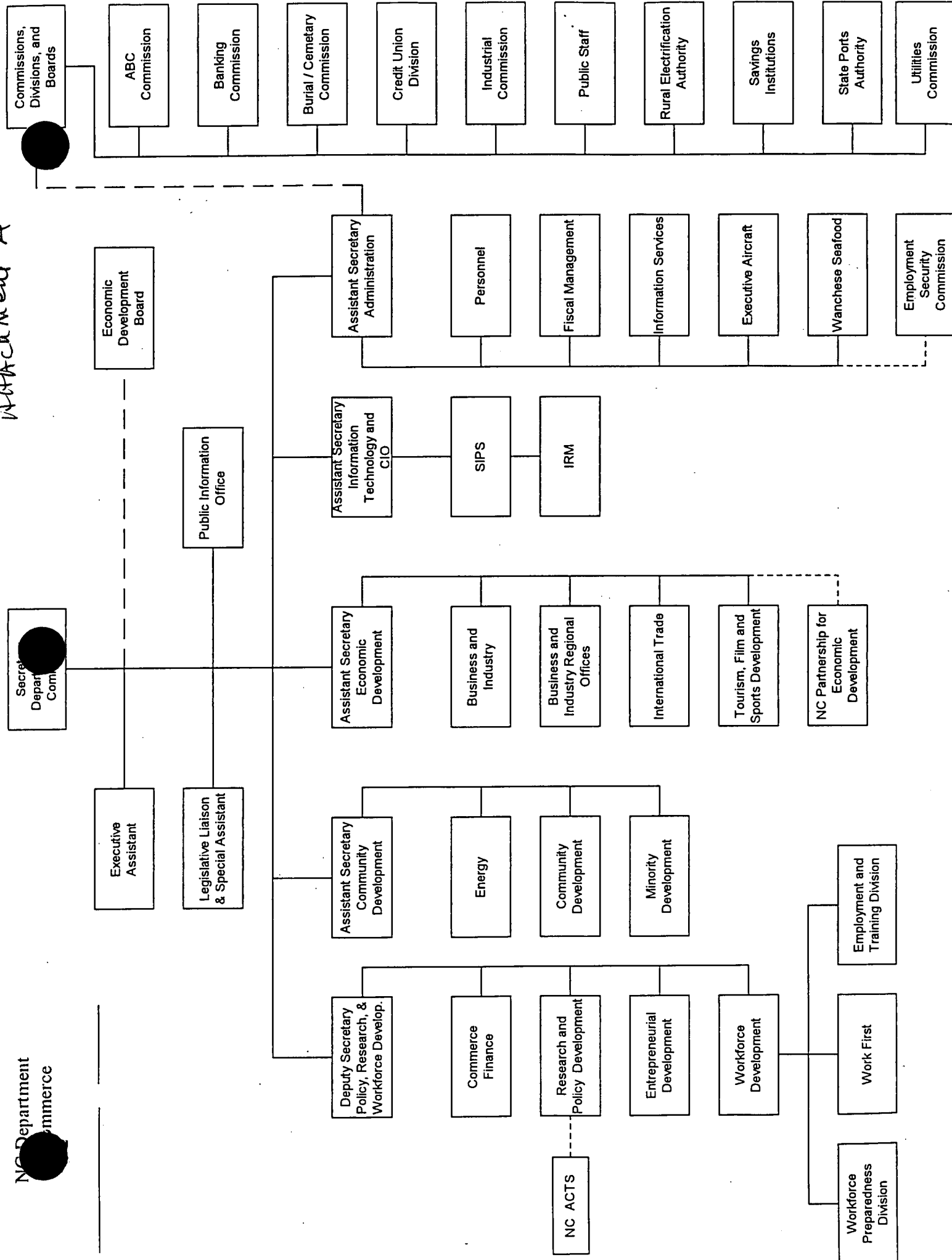
Name of Committee

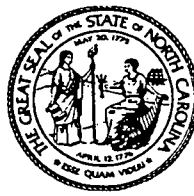
Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
<i>Nellis Tolson</i>	<i>Commerce</i>
<i>Jack Cozart</i>	<i>Parker Poe Adams & Bernstein</i>
<i>John Gray</i>	<i>OSBM</i>
<i>J.W. Reel</i>	<i>OSBM</i>
<i>James Wooten</i>	<i>OSBM</i>
<i>Angie Hane</i>	<i>Commerce</i>
<i>Lee Zilly</i>	<i>" "</i>
<i>Leslie Barker</i>	<i>" "</i>
<i>Mike Webb</i>	<i>" "</i>
<i>Rick Carlisle</i>	<i>" "</i>
<i>WAYNE DAVES</i>	<i>" "</i>
<i>Maurice Weaver</i>	<i>MCDA & CS</i>
<i>David Simmons</i>	<i>EDA, PA</i>
<i>David Wagg</i>	<i>ESC</i>
<i>Brenda Dougherty</i>	<i>Sprint</i>
<i>LYNN HOLMES</i>	<i>BellSouth</i>
<i>George Howe</i>	<i>MCUC</i>
<i>John Holman</i>	<i>The Nature Conservancy</i>
<i>Gene Brotherton</i>	<i>UNC-GA / NCSU Ag Program</i>
<i>Danny Bell</i>	<i>Soil & Water DENR</i>
<i>Dennis McCarty</i>	<i>Commerce - SIPS</i>
<i>Jim Broadwell</i>	<i>Commerce - SIPS</i>
<i>DEBRA JONES</i>	<i>COMMERCE - YZK</i>
<i>Regina Bone</i>	<i>Bone & Assoc</i>

Attachment A





James B. Hunt, Jr., Governor

E. Norris Tolson, Secretary

Attachment B

North Carolina Department of Commerce

Release: Immediate

Contact: Georgia Dees

Date: September 9, 1997

Phone: (919) 733-7977

TOLSON ANNOUNCES COMMERCE DEPARTMENT REORGANIZATION

RALEIGH -- Secretary Norris Tolson today announced a reorganization of the state Commerce Department to address the recently expanded role of the department by Gov. Jim Hunt and the General Assembly in the areas of workforce development and information technology.

"The Commerce Department's role has expanded significantly in recent months, and we take these new responsibilities seriously," Tolson said. "Our mission is to improve the economic well-being and quality of life for all North Carolinians, and with this reorganization, we will be able to better serve the business community and the people of our state."

The changes will become effective Sept. 15, 1997.

Mark Carlisle, currently Gov. Hunt's economic policy advisor, has been named Commerce's Deputy Secretary for Policy, Research and Workforce Development. In his new position, Carlisle will oversee the following:

- **Workforce Development:** This new division will emphasize worker training by bringing together under one manager the department's existing Employment and Training Division and the Commission for Workforce Preparedness, the latter of which became part of Commerce during this year's legislative session. Alan Alexander will lead the Employment and Training section and Wayne Daves will lead the Workforce Preparedness section. The Workforce Development Division also will be the point of contact for the department's new responsibilities under Work First. Leslie Boney manages Commerce's portion of this program, which is designed to work with businesses to encourage them to hire welfare recipients for entry-level positions, thus reducing the number of people in the state who receive public assistance.
- **Research and Policy Development:** This is a reorganized section that will be responsible for maintaining economic data and producing reports and studies mandated by the General Assembly. It also will conduct strategic, policy and operational research for the department. In addition, it will provide policy development support to the state's Economic Development Board and coordinate policy development for the department's other boards and commissions. Carlisle will directly oversee this section.
- **N.C. Alliance for Competitive Technologies:** NCACTs is the state's technology-based economic development planning and coordination body, working closely with industry, universities and government to build partnerships for technological innovation. This agency is headed by Walt Plosila and was transferred to Commerce during September 1995. Its responsibilities will not change as part of Commerce's reorganization.

- more -

- **Commerce Finance Center:** This division administers the state's financial assistance for new and expanding industries, including the William S. Lee Quality Jobs and Business Expansion Act. The Center's role will not change as part of the department's reorganization. Stewart Dickinson is director of the Finance Center.
- **Entrepreneurial Development:** This section will work with entrepreneurs, start-up businesses and small businesses to help them become operational and more successful in North Carolina. Carlisle will directly oversee this division.

Mike Wilkins of Roxboro will resign his legislative post in the state House of Representatives to become Commerce's Assistant Secretary for Economic Development and President of the N.C. Partnership for Economic Development. In this new position, Wilkins, a Person County commissioner for eight years who is currently serving his third term in the legislature, will oversee the following:

- **Business/Industry Development:** This division is responsible for recruiting new industry to the state and helping existing industry expand. Under the leadership of Director Gary Carlton, this division's basic responsibilities will not change under the reorganization.
- **Regional Operations:** The employees in this section are located in nine field offices throughout the state. Their goal is two-fold: to work with local economic developers to recruit new industry to the region and to work with existing businesses to help them succeed and expand. Bill Stephens of the Business/Industry Development Division has been named director.
- **International Trade:** Responsible for creating new export opportunities for North Carolina companies and strengthening existing trade relationships, this division is led by Director Mac Epps. Its role will not change as part of the reorganization.
- **Travel and Entertainment:** This new division results from the merger of three existing divisions in Commerce: Travel and Tourism, Film Development and Sports Development. Gordon Clapp, director of Travel and Tourism for nearly two years, has been named director of this division, which will be responsible for attracting travelers, film projects and sports events to the state.
- **N.C. Partnership for Economic Development:** This is the network that links the state's seven public-private regional economic development partnerships.

Rick Webb, currently President of the N.C. Partnership for Economic Development and an Assistant Commerce Secretary, has been named the department's Assistant Secretary for Information Technology and Chief Information Officer for the state. In this new position, Webb will oversee the following:

- **State Information Processing Services:** This state agency was transferred to Commerce from the state Controller's Office last June. Under the leadership of Dennis McCarty, it is responsible for state government's telecommunications services, mainframe and client/server computing services, local and wide area networks, system design and implementation, applications development and support, and support services in office automation and personal computers.
- **Information Resource Management:** Like SIPS, this agency was transferred to Commerce from the state Controller's Office in June. IRM is responsible for determining the state's technical and planning direction and also serves as staff to the state Information Research Management Commission. Emilie Schmidt and Tom Runkle head this agency.

- more -

Susan Perry-Cole will remain Assistant Secretary for Community Development, overseeing the following:

- **Community Assistance:** This division administers the federally funded Small Cities Community Development Block Grant program and the state's Main Street program. It also provides planning assistance to local governments. Led by Director Bill McNeil, this division will not be affected by reorganization.
- **Energy:** T.C. Adams, Director of the Division of Employment and Training, has been named Energy Division Director. The Energy Division's responsibilities include promoting renewable energy and energy efficiency and developing the state's energy emergency plans. This division will not be affected by reorganization.
- **Minority Development:** Working closely with the department's economic development and community development programs, this new section will promote development of economic opportunities for minorities in North Carolina. This section will be overseen directly by Perry-Cole.

Leo Tilley will remain Assistant Secretary for Administration, overseeing the following:

- **Information Services:** Led by Director Ed Gibson, the responsibilities of this section will be divided between Administration and Research and Policy Development.
- **Fiscal Management:** Led by Director Phil Wilson, this section will not be affected by reorganization.
- **Personnel:** Led by Director Chet Mottershead, this section will not be affected by reorganization.
- **Executive Aircraft:** Led by Director Stefan Geier, this section will not be affected by reorganization.
- **Wanchese Seafood Industrial Park:** Led by Director Rodney Perry, this agency will not be affected by reorganization.

He also will be the liaison with the department's 10 regulatory agencies: Alcoholic Beverage Control Commission, Banking Commission, Burial Commission, Cemetery Commission, Credit Union Division, Industrial Commission, Rural Electrification Authority, Savings Institutions Division, Utilities Commission and Utilities Commission Public Staff.

The Commerce Department now employs 1,122 people, including those in regulatory agencies. The department's current budget is approximately \$365 million.

###

Mission Talking Points

- Comprehensive North Carolina Mission to Europe, Japan and Korea
- The mission was about jobs: Attracting companies to NC that will create good jobs for our workers

Industry Recruitment:

- 35 total business calls in Europe
- Approx. 25 business calls in Japan. At receptions in Japan, hosted 250 big-name companies;
- also, SEUS-Japan Conference - also attended by 5 other SE govs and 1 Sec of State.
- Korea - KUSEC meeting and Sec. made two business calls

Trade

- 7 calls in Europe
- 5 in Japan (Otsuka is good example)
- 2 in Korea

Travel and Tourism

- More than 60 tour operators, airlines, travel writers

Agriculture

Cultural Resources (Europe only)

- Approx. 70 participants in Europe
- Approx. 50 in Japan
- Approx. 25 in Korea
- State paid for 43 people. Estimated cost: \$565,000
- Perstorp Announcement: Swedish company, \$25 mil. investment, 75 jobs - Garner
- Met with top CEOs to discuss existing operations, future plans
- Approximately 80 percent met with in Europe indicated plans for expansion within the next year
- Biotechnology Forum - attended by 40+ biotech leaders in Germany
- Bankers Forum - met with NationsBank, First Union and Wachovia folks located in London. They appreciated it. First time been invited to sit down and talk face to face

about how the state can work with them to improve economic development, business in NC.

- Met with ambassadors and other US embassy reps. That kind of one-on-one contact will be beneficial to NC in the future. They'll know what we're doing, how we work, who we are.
- Embassies being more aggressive in business arena; better able and committed to helping US companies trying to do business overseas.

Attachment D

EXPENDITURE SUMMARY -- GOVERNOR'S EUROPEAN AND FAR EAST MISSION

State Agency	Europe		Far East		Total Expenditures by Agency
	Estimated Expenditure	No. of Personnel	Estimated Expenditure	No. of Personnel	
Asheville-Buncombe Community College	-	-	7,000	1	7,000
Community College System	10,000	1	-	-	10,000
Crime Control & Public Safety	41,400	3	-	-	41,400
Department of Agriculture	6,100	1	6,000	1	12,100
Department of Commerce	184,800	15	141,300	10	326,100
Department of Cultural Resources	36,400	4	-	-	36,400
East Carolina University	-	-	2,900	1	2,900
Edgecombe Community College	-	-	7,400	1	7,400
Employment Security Commission	9,600	1	-	-	9,600
General Assembly	4,356	1	-	-	4,356
Global TransPark Authority	-	-	7,400	1	7,400
Global TransPark Regional Econ Dev Comm.	14,484	1	-	-	14,484
NC Biotechnology Center	30,000	10	-	-	30,000
NC Japan Center (NCSU)	-	-	3,100	1	3,100
NCSU	-	-	4,000	1	4,000
NCSU Research Corporation	-	-	8,000	1	8,000
Northeast Regional Econ Dev Commission	17,000	3	-	-	17,000
Piedmont Community College	10,000	1	-	-	10,000
Western Reg. Econ Dev. Comm.	14,484	1	-	-	14,484
Total Expenditures by World Region	\$ 378,624	42	\$ 187,100	18	\$ 565,724

North Carolina New and Expanded Foreign Manufacturing Investment 1984 to Present

Country	Investment	Jobs Created
Australia	\$9,285,058	355
Austria	31,965,000	134
Belgium	44,850,000	311
Brazil	21,700,000	119
Canada	715,728,528	4,757
Chile	3,000,000	125
Denmark	254,999,000	1,066
Finland	39,325,000	170
France	516,846,493	3,495
Germany	2,112,687,473	14,995
Hong Kong	87,783,562	584
India	9,800,000	40
Ireland	500,000	5
Israel	12,000,000	200
Italy	38,611,000	240
Japan	2,273,941,365	10,142
Jordan	20,000,000	60
Mexico	14,200,000	40
Morocco	18,000,000	0
Netherlands	128,552,000	1,136
Pakistan	8,000,000	60
Panama	1,200,000	15
Philippines	3,500,000	250
Saudi Arabia	1,000,000	15
Singapore	6,000,000	20
South Africa	7,000,000	50
South Korea	2,250,000	0
Spain	12,000,000	18
Sweden	411,698,630	2,469
Switzerland	266,470,280	3,005
Thailand	3,750,000	68
United Kingdom	1,996,024,746	13,529
TOTAL	\$9,072,668,135.00	57,473

Examples of Announced Projects Visited on Trade Missions

Company	Location	Country of Origin	Announced Investment	Jobs Created	Year
ASMO North Carolina, Inc.	Surry	Japan	\$5,000,000	200	1997
Banner Pharmacaps, Inc.	Guilford	Netherlands	35,000,000	340	1995
Draftex	Rowan	Germany	50,000,000	500	1996
EBS (Bosch-Siemens)	Craven	Germany	35,000,000	200	1996
Advanced Rubber Compounds (Thona)	Iredell	Belgium	7,500,000	50	1997
Uchiyama America	Wayne	Japan	10,000,000	20	1996

NORTH CAROLINA EXPORT DESTINATIONS

EXPORTS FOR THE YEAR 1996

(Dollar Figures in Millions)

	Country	\$ Value	% Growth
Rank	Japan	1,655.8	-0.5
2	United Kingdom	921.4	14.9
4	Germany	785.1	-1.6
5	Belgium	693.9	6.2
7	Sweden	55.9	40.3
44			

**Four out of five countries visited are in the top 10 leading North Carolina Export Destinations*

Source: Dr. John Dutton, College of Management, North Carolina State University

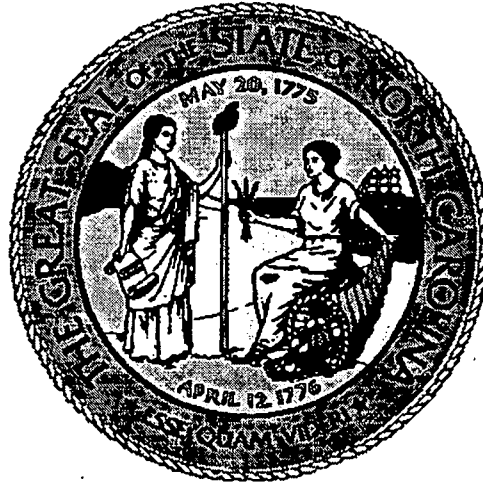
EXPORT SALES FOR METRO AREAS 1996

(Dollar Figures in Millions)

County	\$ Value	% Growth
Greensboro/High Point/Winston-Salem	3,495.6	04.2
Raleigh/Durham/Chapel Hill	2,720.4	24.7
Charlotte/Gastonia/Rock Hill	2,291.2	09.7
Hickory/Morganton	494.3	-02.5
Wilmington	301.7	42.6
Asheville	236.7	27.8
Fayetteville	65.4	-01.8

Attachment G

Department of Commerce



Information Technology Services

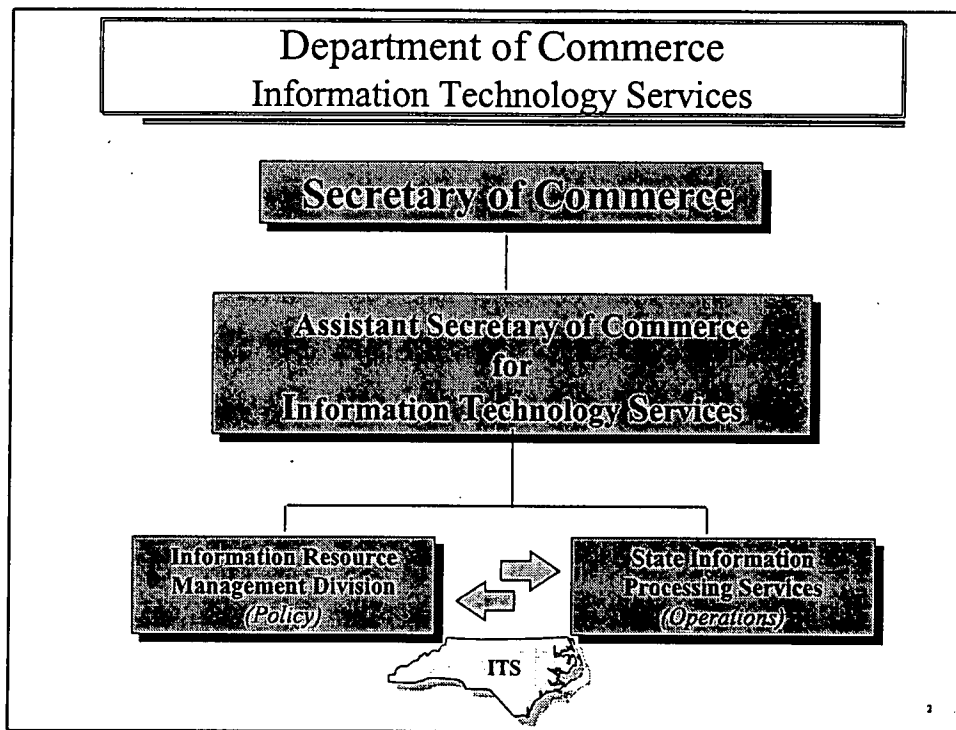
Department of Commerce Information Technology Services

Agenda

Brief overview of Information Technology Services

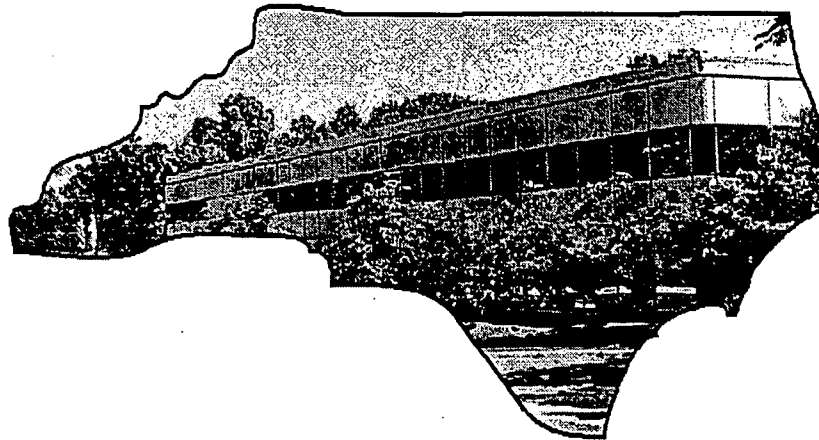
- ★ Information Resource Management
- ★ State Information Processing Services
- ★ North Carolina Integrated Information Network
- ★ Year 2000 (Y2K)
- ★ Questions & Answers





Information Technology in North Carolina: <i>Roles and Responsibilities</i>	
Organization	Roles and Responsibilities
Information Resource Management Commission (G.S. 143-426.21)	<ul style="list-style-type: none"> • Statewide technology policy and direction • Oversight of major technology projects
Information Resource Management Division (Information Technology Services) (G.S. 143-426.21)	<ul style="list-style-type: none"> • Supports the IRMC • Statewide leadership in technology planning • Technical assistance to public schools
State Information Processing Services (Information Technology Services) (G.S. 143B-426.40) (G.S. 143B-426.39)	<ul style="list-style-type: none"> • Provides shared information technology services <ul style="list-style-type: none"> ⇒ Information processing ⇒ Systems development ⇒ Telecommunications ⇒ Technology training
Governmental Agencies	<ul style="list-style-type: none"> • Establishes departmental specific direction • Provides day to day management within agencies • Coordinates with the IRMC, SIPS, and IRM

Department of Commerce
State Information Processing Services
SIPS



State Information Processing Services

- ★ Created by the General Assembly in 1983
 - Reduce unit cost of computing and telecommunications
 - Raise the level of technology available to all Agencies
 - Improve Information Sharing among Agencies
 - Improve the Information Technological Infrastructure for State Government

State Information Processing Services

Establishing the Infrastructure

- ★ Consolidation of major mainframe Computer Centers
- ★ Consolidation of major Independent Agency Networks
- ★ Shared support Staff
- ★ Shared Software & Hardware
- ★ Implementation of Standard Security Controls
- ★ Leveraged Technology Procurements

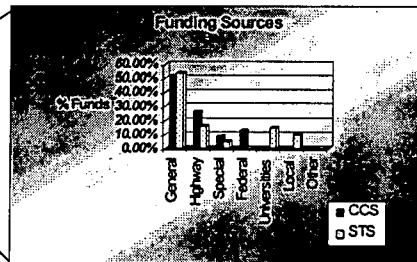
6

State Information Processing Services

Sizing the Infrastructure

- ★ Business Plan Development

- ★ Funding



- ★ Rate Setting

7

State Information Processing Services

Shaping the Infrastructure

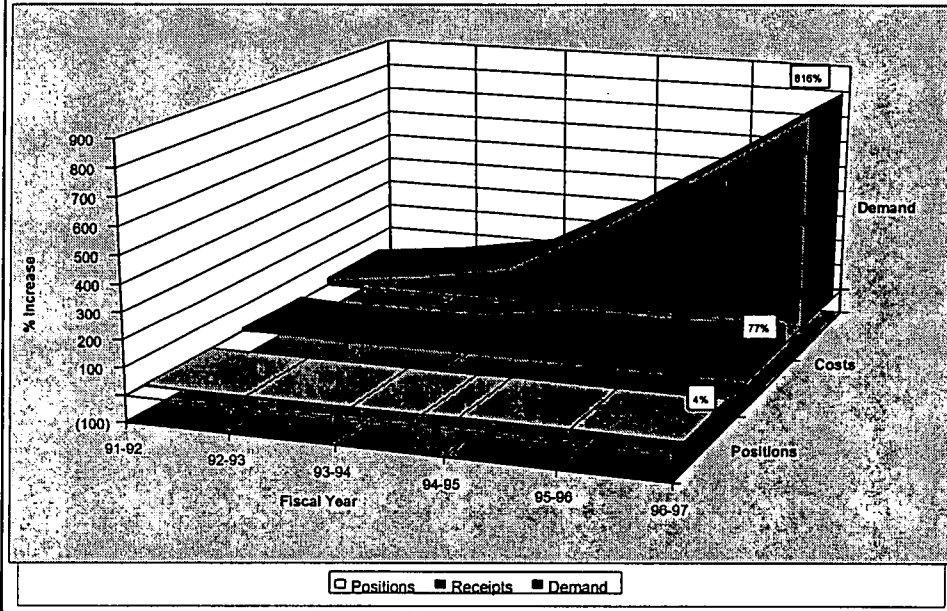
- ★ Technology Assessments
- ★ Industry Assessments
- ★ Capacity Management

State Information Processing Services

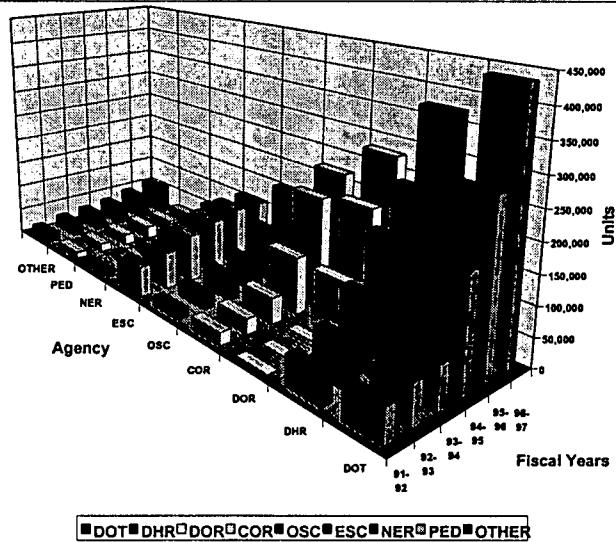
Managing the Infrastructure

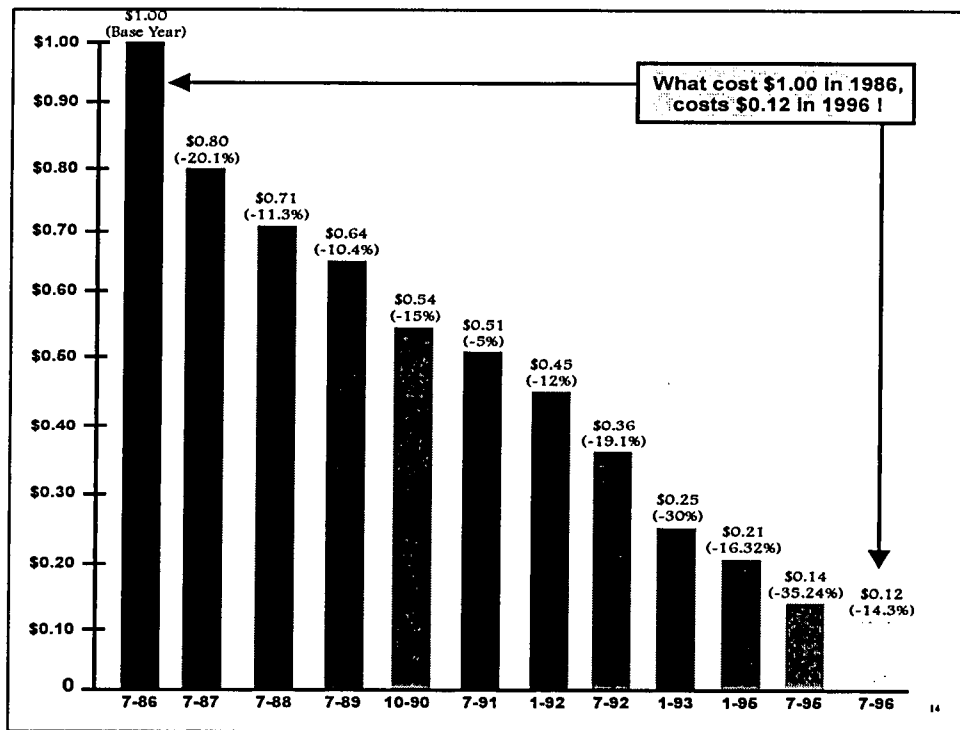
- ★ SIPS 14 Years Later...
 - Major Initiatives for Fiscal Year 1996-97
 - Industry Comparisons
 - ✧ Cost of Computing
 - Historical Trends
 - ✧ Demand
 - ✧ Work Unit Cost
 - ✧ Staffing
 - ✧ Budget
 - Future Challenges and Opportunities

State Information Processing Services
Centralized Computing Services (CCS)
Percent Increase By Category

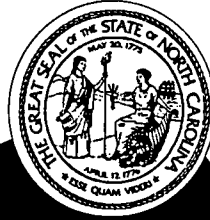
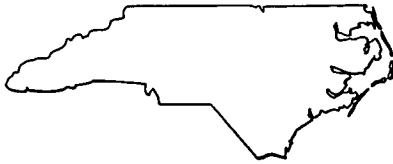


State Information Processing Services
Centralized Computing Services (CCS)
Client Unit Demand by Fiscal Year
FY 1991-92 through 1996-97 (Annualized)





State Telecommunications Services

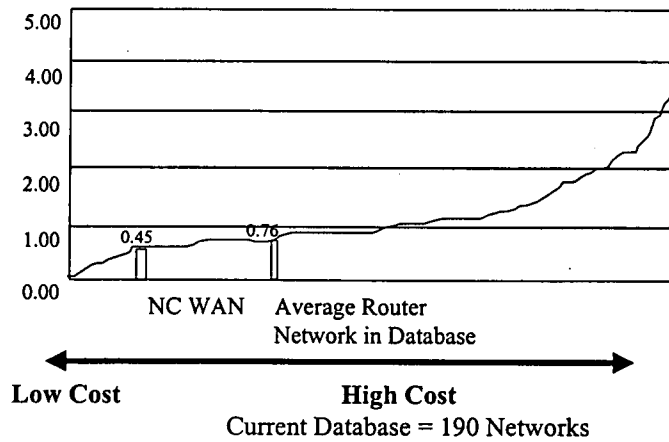


North Carolina Department of Commerce

15

State of North Carolina SIPS Wide Area Data Benchmark

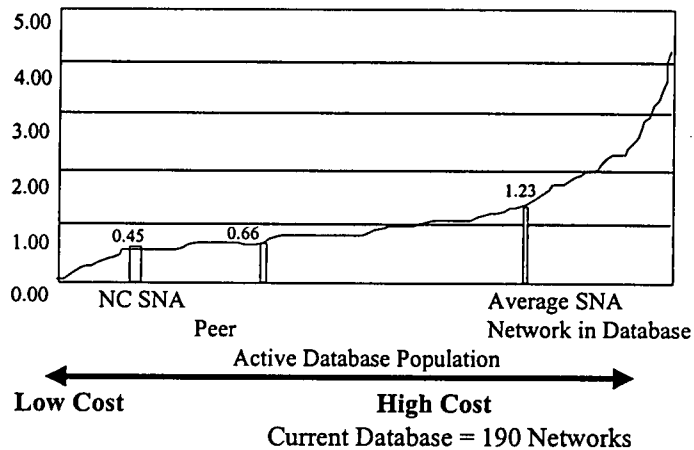
Wide Area Data Network Comparison



16

State of North Carolina SIPS
Wide Area Data Benchmark

SNA Network Comparison



17

NCIH

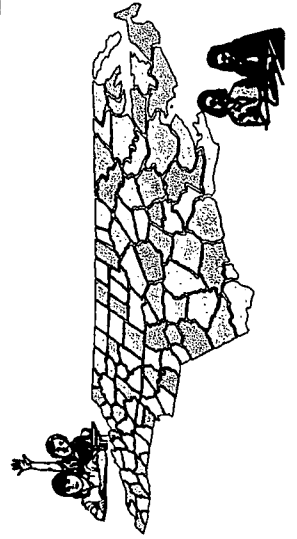
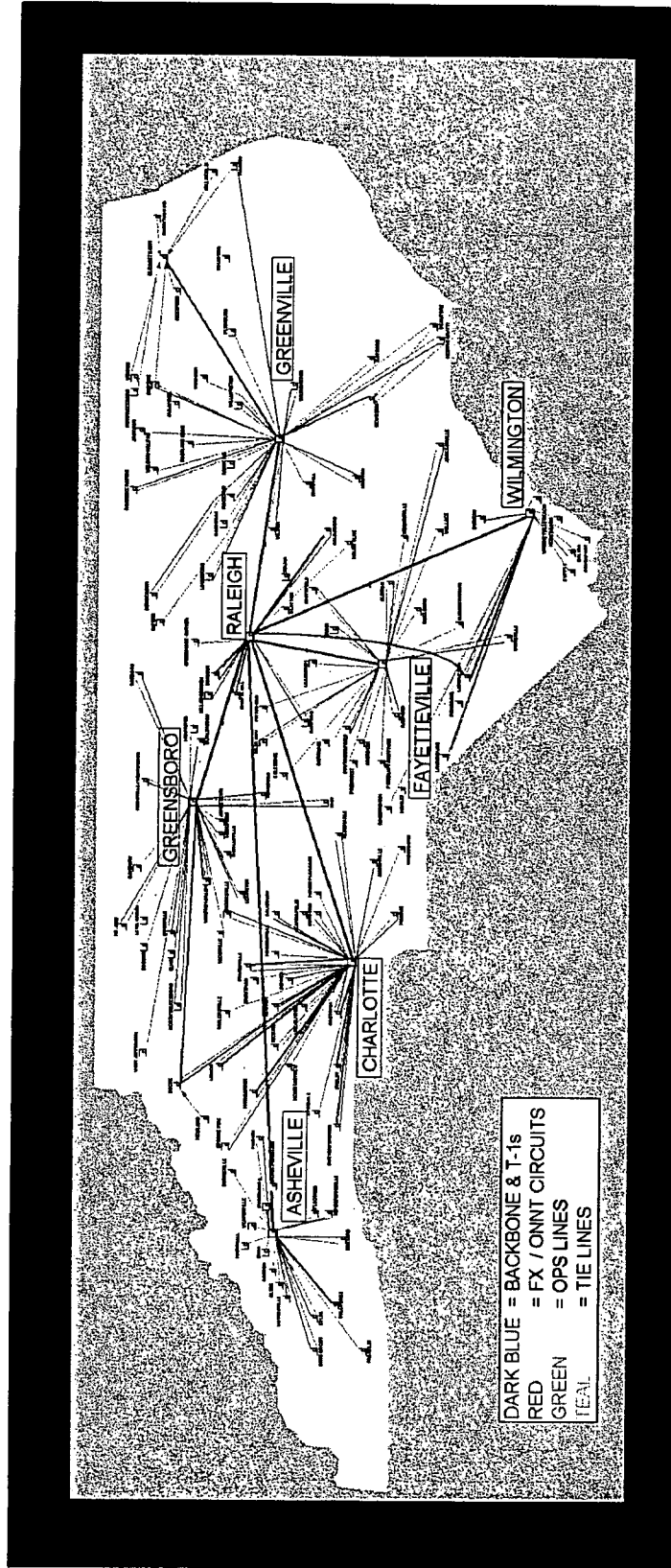
- ◆ 1997 Legislation requires that we explore alternatives and report before the 1998 session on findings.
- ◆ The NCIH is about to undergo significant enhancements to the existing service -- the addition of lower quality/cost video.

18

Overview



North Carolina's Telecommunication Networks

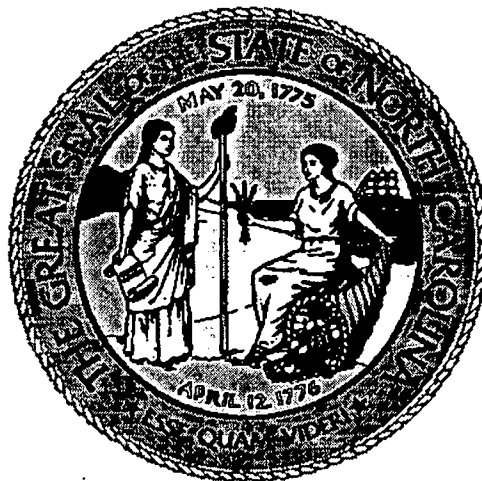


Initiatives

- ① *Implement a new information and billing system*
- ② *Implement a more comprehensive Network Management Plan*
- ③ *Enhance the capabilities of the state's network and services and reduce cost*
- ④ *Track and respond to federal and state deregulation issues*

20

Department of Commerce



Information Technology Services

22

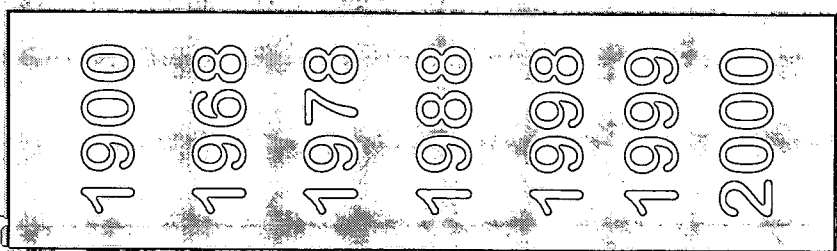
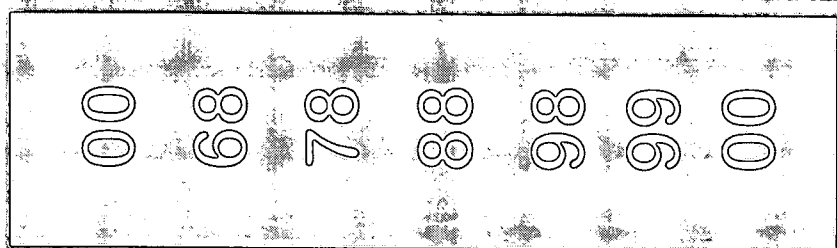
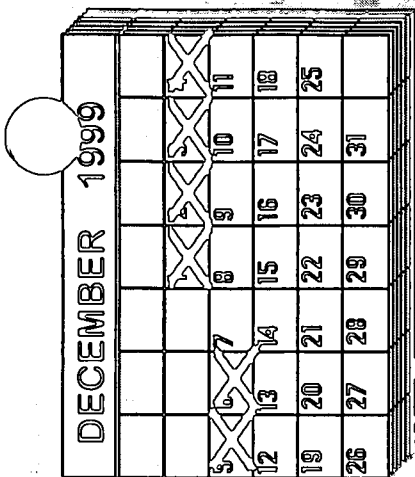
JANUARY 2000												
2	3	4	5	6	7	8						
9	10	11	12	13	14	15						
16	17	18	19	20	21	22						
23	24	25	26	27	28	29						
30	31											

Department of Commerce

Statewide Year 2000 Project

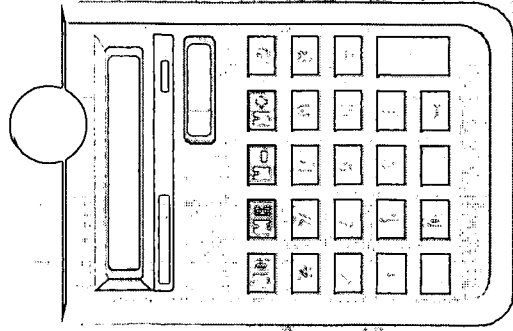
October 23, 1997

What is the Problem?

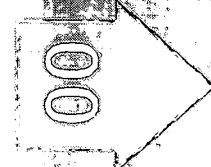
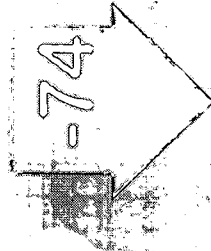


The calculations still "work"

but



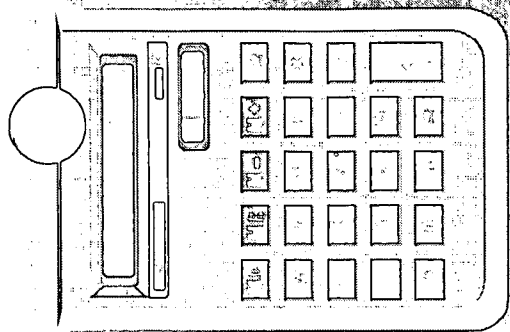
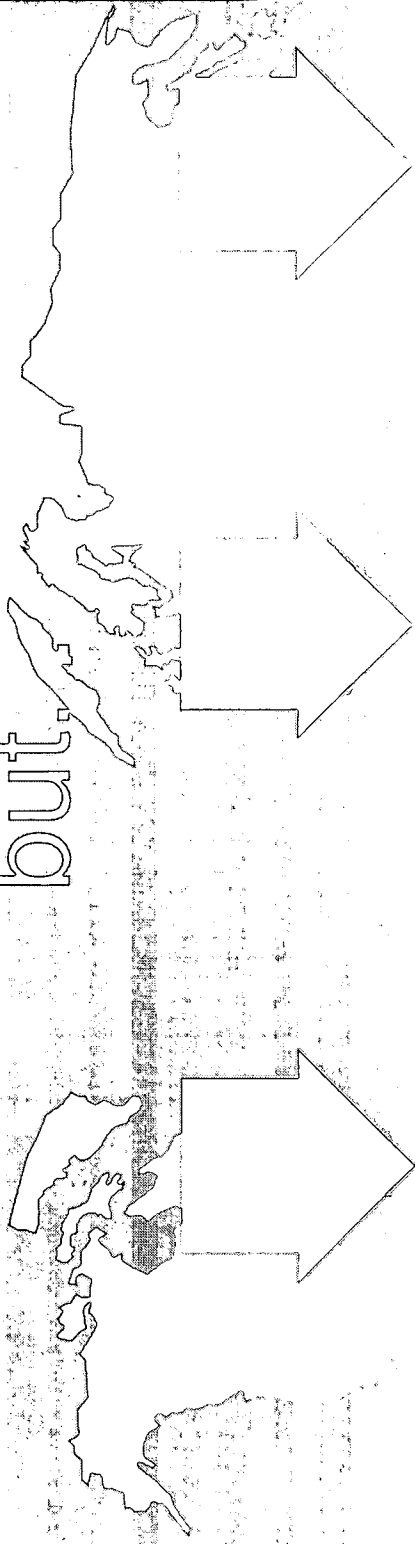
$$\text{COMPUTE AGE} = \text{WS-CURRENT-YY} - \text{BIRTH-YY}$$



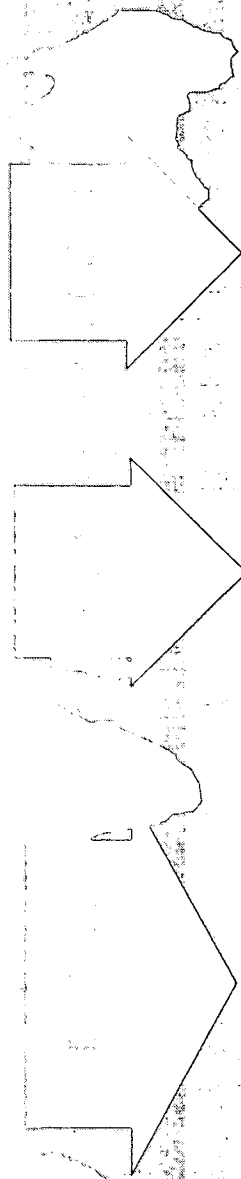
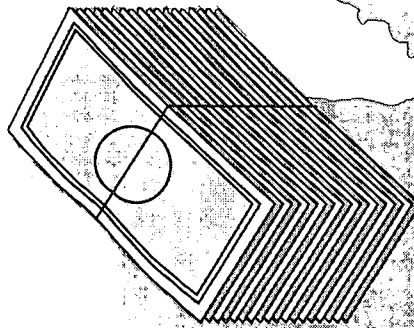
$$\text{COMPUTE AGE} = \text{WS-CURRENT-YY} - \text{BIRTH-YY}$$

The calculations still "work"

but



COMPUTE PAY-DAYS - WS-CURRENT-DATE - LAST-PAY-DATE.



COMPUTE GROSS-PAY = PAY-DAYS * PAY-PER-DAY.

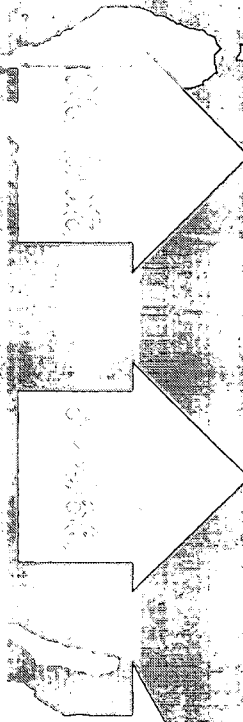
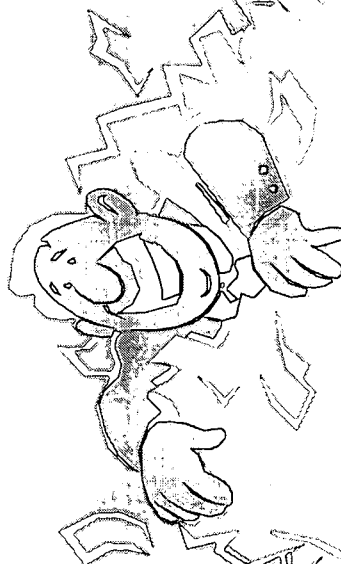
The calculations still "work" but...

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COMPUTE PAY-DAYS = WS-CURRENT-JDATE - LAST-PAY-JDATE.

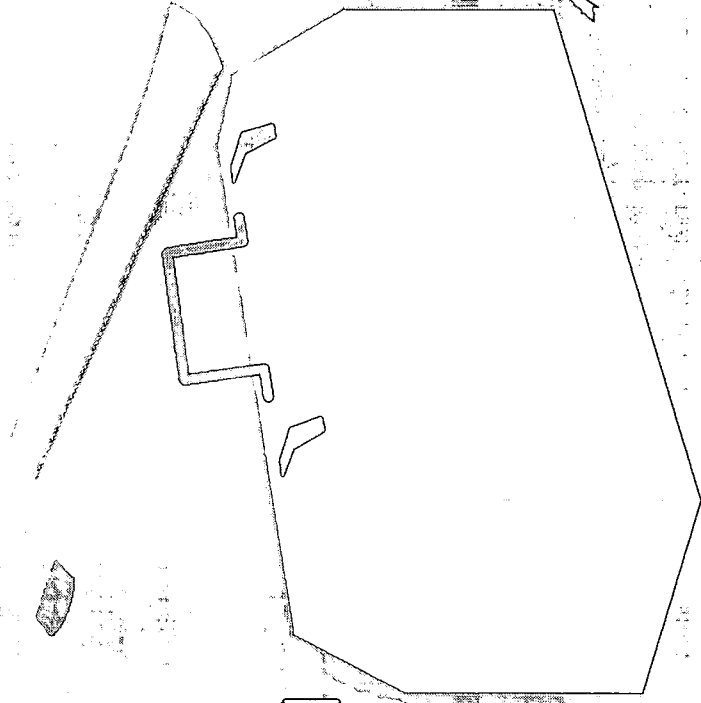


COMPUTE GROSS-PAY = PAY-DAYS * PAY-PER-DAY.

This is more than just a typical Maintenance Change

Every application &
database has to be
reviewed

- Date usage is widespread
- Historical files
- System software may need
to be upgraded
- External interfaces
- Non-IT Assets



AKC's Compliance Status

733/1347 Applications are Non-

Compliant

- Hardware (including PC's)

- Software

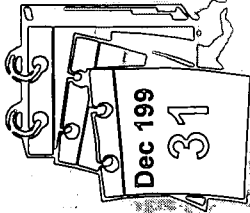
- Non-IT Assets

- Elevators

- HVAC Systems

- Security Systems

- Traffic Lights



NC ACTIONS

High-Level Cost Estimate (May 1997)

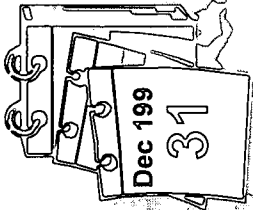
- \$82 Million (Labor Cost Only)

- Sources

• SIPS Transfer (\$11.4 Million)

• General Asssembly (\$25 Million)

• Other Sources (Agencies, Federal Sources,
Highway Fund)



NC Actions (cont'd)

Statewide Project Office

- Steering Committee
- Program Management Support
- Standards and Guidelines

Business Impact Assessment

- Prioritization (Triage)

Statewide Master Plan

- December 31, 1998
- Track schedule slippage, cost variances, dependencies

NC Actions

Agencies

- Detailed Assessments
- Inventories
- Conversion Activity
 - 35 Complete
 - 133 In Design, Coding and Testing
- Status Reporting

MEMORANDUM

TO: Members of the Appropriations Sub-Committee on
Natural and Economic Resources

FROM: Representative Frank Mitchell, House Co-Chair
Representative Rex Baker, House Co-Chair
Representative Jim Carpenter, House Co-Chair
Senator R. L. "Bob" Martin, Senate Chair

DATE: November 4, 1997

JOINT APPROPRIATIONS SUB-COMMITTEE ON NATURAL AND ECONOMIC RESOURCES MEETING

DATE: Tuesday, November 18, 1997 10:00 a.m.
Wednesday, November 19, 1997 9:00 a.m.
Thursday, November 20, 1997 9:00 a.m.

LOCATION: Room 423 LOB

If you have any questions, please contact one of our staff members:

Beth Christensen, Fiscal Research	733-4910
Jennifer Herrera, Fiscal Research	733-4910
Mona Moon, Fiscal Research	733-4910
Mark Trogdon, Fiscal Research	733-4910
Carolyn Gooden, Senate Clerk	715-3040
Susan West, House Clerk	733-5959

Minutes

Joint Appropriations Sub-Committee on

Natural and Economic Resources

November 18, 1997 - 10:00 a.m.

The Joint Appropriations Sub-Committee on Natural and Economic Resources met on Tuesday, November 18, 1997 at 10:00 a.m. in Room 423 of the Legislative Office Building. Representative Frank Mitchell, House Co-Chair called the meeting to order at 10:15 a.m. Members present were Representatives Mitchell, Carpenter, Allen, Culp, Fox, Hall, Hunter, Owens, Tolson, Weatherly, Wilson, and Senators Martin, Jenkins, Allran, Cochrane, and Weinstein.

After reviewing each day's events, the members walked to the sixth floor of the Dobbs Building for a tour of the Industrial Commission. Buck Lattimore, Administrator of the Commission, welcomed the members, and reviewed the organizational chart of the Commission. J. Howard Bunn, Jr., Chairman of the Commission, introduced the Deputy Commissioners and the Section Heads. He continued by explaining what each Section was currently involved with. Chairman Bunn reviewed the history of the Commission, and addressed the future needs with special attention to the Workers' Compensation Fraud Division. Commissioner Tom Bolch gave a project overview of the Electronic Document Management System. He showed how files are accessed, and how documents are indexed through a slide presentation. Representative Mitchell asked if old files could be scanned in which Chairman Bunn replied electronic filing started from the first day the system went online. Representative Hall asked how long are files kept in which Chairman Bunn replied they are kept indefinitely because some cases may come up again. Senator Martin asked if storage will continue to be a problem in which Chairman Bunn replied microfilm will help with the storage problem. Representative Hall asked how many of the stored files had been converted to microfilm in which Chairman Bunn replied no files had been converted. He continued by asking how much money would it take to convert the old files to microfilm in which Chairman Bunn replied it will take \$150,000. Senator Martin asked how long will it take to convert the files in which Chairman Bunn replied it will take one year. Robert McDowell from the Computer Support/Data Processing Section reviewed by demonstration the Commission's home page. Senator Martin asked if someone could retrieve information about a specific case online in which Mr. McDowell replied some information could be retrieved. Chairman Bunn further explained that some information is available but is restrictive to others. Senator Allran asked what information is accessible in which Mr. McDowell replied a person can find out dates if a case has been calendared or may access information if a case has been decided. He reiterated a person must have access to the system through an I.D. number. Commissioner Bolch noted the web site only provides general information. Representative Owens asked if medical claims had been reduced (were third highest in

1992) in which Mr. Lattimore replied the claims are considerably lower. Representative Culp asked if claimants can use the home page in which Mr. McDowell replied they can which saves costs. Representative Tolson asked if copies of paperwork can be obtained from the web site and how is it handled. Mr. McDowell replied the paperwork can be printed from the web site but must be mailed in. At this time, the members took a walking tour of the offices. After the walking tour, the members returned to the conference room to hear a review and status report of the Commission's four programs. Commissioner Laura Mavretic explained the Mediation Program which was implemented in 1994. Senator Allran asked if all cases that are contested go to mediation in which Commissioner Mavretic replied they are if the plaintive has an attorney. Senator Martin asked what does the mediator do in which Commissioner Mavretic replied they ask questions to find out what the issue is that needs to be resolved. She reviewed the data from a handout that shows the cases that have been referred to mediation. John Shafer, Mediation Director, explained the procedure that takes place between an injured worker and the employer. Representative Fox asked if they have the right of object to a mediator in which Mr. Shafer replied they do. Commissioner Bernadine Ballance gave the background history, and how the Fraud Operation Program was developed. Representative Owens asked if anonymous calls are generally valid information in which Commissioner Ballance replied the Program is too new to tell. Tracey Weaver, Executive Secretary, explained the duties of the Office of the Executive Secretary. Buck Lattimore explained the Ombudsman Program. He reviewed the number of inquiries handled, and the subjects handled.

The tour ended at 12:35 p.m. The Sub-Committee recessed for lunch to meet at the Blue Ridge Road location to tour the Department of Agriculture and Consumer Services labs at 1:30 P.M.

November 18, 1997 - 1:30 p.m.

The Joint Appropriations Sub-Committee on Natural and Economic Resources reconvened at 1:30 p.m. at the Blue Ridge Road labs of the Agronomic Services Division of the Department of Agriculture and Consumer Services. Members present were Representatives Mitchell, Carpenter, Allen, Culp, Fox, Hall, Hunter, Owens, Tolson, Weatherly, Wilson, and Senators Martin, Jenkins, Cochrane, and Weinstein.

Dr. Donald Eaddy, Director of the Division, welcomed the members. He explained the services that are provided as well as the education and research by the Division. He further reviewed the increase of the workload in each program from 1992 to present, the increase of the soil testing production levels from the 1993-94 season to present, and the need for support for mandatory animal waste/soil and plant testing since the passage of Senate Bill 1217 (refer to handouts). Representative Weatherly asked if there is a charge for soil testing. Dr. Eaddy replied that fees come from tax from sales of fertilizers. Representative Fox asked why were there two figures listed under areas pertaining to education. Dr. Eaddy explained the two figures come from the Raleigh office and the field staff. Representative Culp asked were more samples brought in than mailed in. Dr. Eaddy replied more samples are brought in. Senator Martin suggested simplifying the forms used for submitting soil samples. Representative Mitchell asked was there different variances in samples of animal lagoons. Dr. Eaddy replied the variances were dramatically different and rainfall added to that. Representative Culp asked what was the turn around time in which Dr. Eaddy replied three to four weeks but the time can vary. Representative Weatherly asked what happens to the makeup of the soil from animal waste. Dr. Eaddy replied there is a buildup of copper and zinc in the soil which could result in sterilization. Representative Culp asked about the effects of a copper plant. Dr. Eaddy replied the air pollution from the plant affected a 40-60 mile area for 40 years.

At this time, the members were split into two groups for a walking tour of the Agronomics Labs (other facilities noted on agenda were not seen). This included the soil and plant testing labs, nematodes lab, the virology lab, the serology lab, the bacteriology lab, and the animal disease diagnostic labs.

The tour concluded at 3:35 p.m.

November 19, 1997 - 9:00 a.m.

The Joint Appropriations Sub-Committee on Natural and Economic Resources met on Wednesday, November 19, 1997 at 9:00 a.m. at the State Information Processing Services located at 3700 Wake Forest Road in Raleigh. Members present were Representatives Mitchell, Carpenter, Allen, Culp, Fox, Hall, Owens, Tolson, Weatherly, Wilson and Senators Martin, Jenkins, Allran, Cochrane, Horton and Weinstein.

Rick Webb, Assistant Secretary for Information Technology, welcomed the members and gave a brief history of the services. Senator Martin asked what percentage was SIPS fee-supported. Mr. Webb replied 52% comes from state and local governments. Senator Cochrane asked how many employees were there. Mr. Webb replied there were 350 employees. Representative Culp asked if SIPS operates 24 hours a day in which Mr. Webb replied they did. Representative Tolson asked how strong was the territory. Mr. Webb replied the territory was very strong and services can be improved. He reviewed the four categories which are the application development services, centralized computing services, distribution computing, and telecommunications. Jim Broadwell, Director of Telecommunications, showed the operation sites across the State (see handout) which includes high schools. Representative Dennis Reynolds along with Dennis Perry demonstrated how the technology works which was communicated from the Morgan Street facility, and addressed how the Technology Study Commission was looking at the future of this technology. They addressed electronic commerce and the need for security in this area. Senator Horton asked if the price of equipment was decreasing in which Mr. Broadwell replied the price of transmission was. Tom Covington, Director of Legislative Fiscal Research, asked if deregulation was driving the cost down. Mr. Broadwell replied it was. Representative Owens asked if this will change telephone service. Mr. Broadwell replied it will enable competition among the telephone companies. Representative Culp asked if high school communications come through SIPS. Mr. Broadwell replied logistically they do (over telephone lines). Representative Hall asked if the cost has come down. Mr. Broadwell replied the cost hasn't but when it does the cost will be cut in half. Representative Allen asked what was the target cost. Mr. Broadwell replied 50% less than the current cost. Representative Fox asked how long are the contracts for. Mr. Broadwell responded they are normally for three years. Senator Cochrane asked what would be the cost of video conference from a legislator's home. Mr. Broadwell replied it would cost \$80 per month for the line. Representative Fox asked how many members have laptop computers. Mr. Broadwell noted that two thirds of the members have laptops.

At this time, the members took a walking tour of the facility (see handout to review map). The tour ended at 11:00 a.m. The Sub-Committee recessed for lunch to meet at 1:30 p.m. for a tour of the facilities funded by the North Carolina Housing Finance Agency.

November 19, 1997 - 1:30 p.m.

The Joint Appropriations Sub-Committee on Natural and Economic Resources met on Wednesday, November 19, 1997 at 1:30 p.m. to tour by bus four locations funded by the North Carolina Housing Finance Agency. Members present were Representatives Mitchell, Carpenter, Allen, Culp, Fox, Hall, Hunter, Owens, Tolson, Weatherly, Wilson and Senators Martin, Jenkins, Allran, Cochrane, Horton and Weinstein.

The members were welcomed by Bob Kucab, Executive Director of the Agency, and given a synopsis of the four locations that would be visited. The first stop was at Joe Lewis Park, a subdivision of single family homes (see handout for details). The members were able to walk through a model home under construction. It should be noted that the money is considered to be a loan, and there are resale requirements. The second location was Jeffreys Ridge Apartments which are family rental units (members viewed location from the bus). The units rent for \$300-335 per month and the vacancy rate is 0. The third location was the Magnolias which is a senior adult rental property (members were able to walk through the facility). The 40 units rent for \$345-390 per month, the adult must be 62 years old or older to qualify, and the tenants pay for water and electricity. The fourth location was the Marsh Creek Apartments for those with special needs (members viewed location from the bus). There are 24 units that rent for \$215 per month, and the occupants are either mentally ill or Thomas S cases. Their average monthly income for these individuals is \$500 so the apartments must be affordable. They are conveniently located on the bus route since these individuals can't drive.

The tour ended at 3:20 p.m.

November 20, 1997 - 9:00 a.m.

The Joint Appropriations Sub-Committee on Natural and Economic Resources met on Thursday, November 20, 1997 at 9:00 a.m. in Room 423 of the Legislative Office Building. Representative Frank Mitchell, Senior House Co-Chair, called the meeting to order at 9:10 a.m. Members present were Representatives Mitchell, Carpenter, Allen, Culp, Fox, Hall, Hunter, Owens, Tolson, Weatherly, Wilson, and Senators Martin, Jenkins, Allran, Cochrane, Horton, and Shaw.

After introductions, the Sub-Committee heard from six of the non-profits.

The first presentation was given by Rhonda Rainey, President of the North Carolina Association of Community Development Corporations. She gave a brief history of the Association, discussed the board of directors and number of employees, and explained the programs and projects the CDC is involved in (see handout). Concerning the Church position, Representative Mitchell asked how the position is funded. Ms. Rainey explained the position receives no state funds. Senator Cochrane asked who provides the funds for the legal services. Ms. Rainey replied the law firm provides the services. She continued by asking who paid for the insurance. Ms. Rainey replied the CDC pays for the premium of the insurance. She also asked what is the philosophy that is taught. Ms. Rainey explained the philosophy is that if communities are to be served, professionals must get involved. Senator Cochrane asked if the core is based on available resources or self-reliance. Ms. Rainey responded the core is based on both perspectives. She continued by asking about the percentages listed. Ms. Rainey replied the percentages denote the percentage of state funds proportioned for that position. Representative Hall asked how many CDCs are located in the State. Ms. Rainey replied there are approximately 70 CDCs. He continued by asking who provides the training for the real estate development. Ms. Rainey replied that the CDC provides a tailor-made program. Concerning projects, Senator Horton asked what does a CDC do. Ms. Rainey replied they provide housing projects, home ownership associations, and multi-family projects. He continued by asking if the Housing Finance Agency does the same thing. Ms. Rainey replied the CDC provides a complete approach. Senator Horton asked about the jobs created. Ms. Rainey replied the jobs created are a direct result work generated by the CDC. Representative Mitchell asked if the Northeast Economic Development Partnership would also take credit for the jobs created. Ms. Rainey replied they would not. Senator Horton asked if the CDC membership are voluntary. Ms. Rainey replied they are. Representative Tolson asked what was the partnership with the community colleges. Ms. Rainey noted these are through local partnerships with the community colleges in the area. Senator Cochrane asked if State funding is withdrawn, what would happen to projects. Ms. Rainey responded state funding provides operating support and the financing for the projects comes from other sources such as grants, etc.

Andrea Harris, President of the Institute of Minority Economic Development, gave a brief overview of the organization. She briefed the members on the areas of work the Institute is involved with (see booklet handout). Senator Allran asked for a clarification of the map that shows business development activity in which Ms. Harris explained. She clarified salary figures for Senator Horton. Senator Allran asked about the expenses for the telephone system. Ms. Harris noted the deprogramming and reprogramming of the telephone system was very expensive but the system was donated to them to use. Representative Owens asked if Branch Banking and Trust Company was donating a portion of the office rent. Ms. Harris replied BB&T was donating a portion of the rent for the satellite office.

Abdul Rasheed, President of the North Carolina Community Development Initiative, addressed the members (see handout). He explained how the lack of investment in the minority community has affected community development. Representative Carpenter asked why hasn't there been a focus in Western North Carolina. Mr. Rasheed replied the Initiative hasn't been approached to assist any particular group in Western NC. He further explained the Initiative wants to work with communities that are committed to change, and is citizen driven. He explained how the Initiative works as a intermediary in the community. Mr. Rasheed gave the success of bringing a fiber-optic business to Charlotte as an example. Senator Allran asked what is the difference between the NCCDC and the Initiative. Mr. Rasheed replied the Initiative evolved from the NCCDC, and they work with mature organizations in underdeveloped communities specifically on project development. Senator Cochrane asked how grants and loans work, and where does the money come from. Mr. Rasheed replied the funds come from the State, foundations, corporations, and individuals anonymously. As an intermediary, the Initiative directs the funds are redirected as grants or loans to CDCs or/and projects. Representative Carpenter asked about the grant amounts for 1997 in which Mr. Rasheed explained. Representative Hall asked for a profile of each project the Initiative is working with in each county in which Mr. Rasheed said he would provide. Representative Culp asked if the amount of the grant request was usually received. Mr. Rasheed replied the maximum of the grant request can be for \$150,000 but they grantee must demonstrate the need.

David Harris, Executive Director of the Land Loss Prevention Project, addressed the members (see handouts). He explained the Project's history, and the services they provide for the farmer. Representative Culp asked what kind of services are provided. Mr. Harris replied services from disaster assistance to information on marketing opportunities. Representative Carpenter asked if they were working in Western North Carolina. Mr. Harris replied they have a large clientele in the West but because of budget cuts, satellite offices in Ahoskie and Wilson have been closed. He noted from the pie chart that grants in 1996 were lower than usual and State funds were high. Senator Horton asked about the project funded by the Kellogg Foundation. Mr. Harris replied the project is for working with farmers to help them increase their crop production. Senator Cochrane asked what does the Project do different than a agricultural extension agent. Mr. Harris replied they work with sustainable agriculture. Of the 530 new cases,

Representative Mitchell asked how many will be able to stay on their land. Mr. Harris replied all of them will stay on the land. Concerning the significant increase of funding, Senator Shaw asked what this actually contributed to. Mr. Harris replied the increase of funding contributed to reopening a branch office and the lack of funds from the previous years. Senator Horton asked if the Project would be filling the position of development director. Mr. Harris replied the position wouldn't be filled at this time. Representative Hall asked what is the definition of a farm. Mr. Harris replied the project recognizes property is classified a farm if it receives \$10,000 gross income from agriculture. He noted the farmer receives \$.24 on the dollar for the products he raises. Representative Culp asked what does the Project do to assist the farmer. Mr. Harris replied they look at the farmer's operation and production, developing a business plan, and legal assistance.

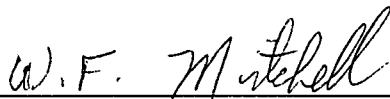
Dr. Carolyn Prince, Executive Director of the North Carolina Coalition of Farm and Rural Families, addressed the members (see handout). She summarized the program's activities and services, and discussed the renovation of the Carolina Harvest Packing Shed and the construction of a cold storage facility. Representative Mitchell asked who owns the Shed. Dr. Prince replied the Coalition purchased the facility 5 years ago and it is a non-profit. He continued by asking what the Shed grossed. Dr. Prince replied the gross isn't reported but a total of 500 acres were shipped. Representative Mitchell asked if there was a fee charged in which Dr. Prince replied there was a small fee. He continued by asking if the Shed was paying its way. Dr. Prince replied not at this time but were working toward it paying its own way. Senator Cochran asked how does the Coalition differ from agricultural extension. Dr. Prince replied the Coalition catches the small farmers that hasn't been addressed by agricultural extension. Concerning the farmers who use the Shed, Senator Shaw asked if the Coalition was providing marketing opportunities. Dr. Prince replied they are. Representative Culp asked the location of the Shed and the distance it serves. Dr. Prince replied the counties and regions they serve. Representative Mitchell asked were the vegetables going to stores or to canneries. Dr. Prince replied they are working toward an agreement with canneries in the State.

Linwood Cox, Executive Director of the North Carolina Minority Support Center, addressed the members (see handout). He explained how the Center works with community-based financial institutions in North Carolina, and is the only one of its kind in the country. Representative Mitchell asked how many credit unions are there in the State. Mr. Cox replied there are 13. Representative Carpenter asked how much does it take to start a project. Mr. Cox replied it takes \$50,000. He continued by asking who gives the authority to begin. Mr. Cox replied the credit unions are state or federally chartered. Representative Hall asked how is this accomplished. Mr. Cox replied credit unions are usually created by an employer but these are created in a community. Representative Hall continued by asking could anyone start a credit union. Mr. Cox replied it could be done as long as the group went through the proper procedures. Representative Allen asked how do you work around the common bond. Mr. Cox replied it depends on the charter you are applying for. Representative Culp asked how long does it take to open a credit union. Mr. Cox replied the process takes two years. Senator Allran asked about the credit union located in Catawba County in which Mr. Cox review-

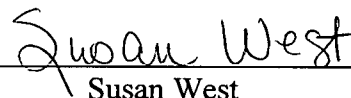
ed. Representative Mitchell asked could a credit union locate on the premises of where the employees work. Noting the number of lawsuits that have been filed, Mr. Cox replied it couldn't be done. Representative Hall asked how much taxes do credit unions pay. Mr. Cox replied they pay none. Senator Allran asked how many non-minority bankruptcies there are compared to minority bankruptcies. It should be noted that this information isn't kept by race but is by income. Senator Martin asked about the other income that listed. Mr. Cox replied this is interest income earned from a loan fund. He continued by asking at what point is the credit union self-supporting. Mr. Cox replied a credit union is self-supporting after you reach \$5 million in assets. Representative Culp asked what is the largest loan you can apply for. Mr. Cox replied the amount is tied to the deposit base. Representative Carpenter asked was there a time limit to reaching self-supporting status in which Mr. Cox replied there wasn't. Representative Hunter asked what precludes the Treasurer's office in providing funds for a loan pool in which Mr. Cox replied he would check on.

The Sub-Committee adjourned at 12:15 p.m.

Respectfully submitted,



Frank Mitchell
House Co-Chair



Susan West
Clerk

NER Appropriations Subcommittee
Tuesday, November 18, 1997
10:00 a.m. - 4:00 p.m.

1. Industrial Commission

Tour of facilities - 6th Floor Dobbs Building

Buck Lattimore
Administrator

LUNCH ON YOUR OWN

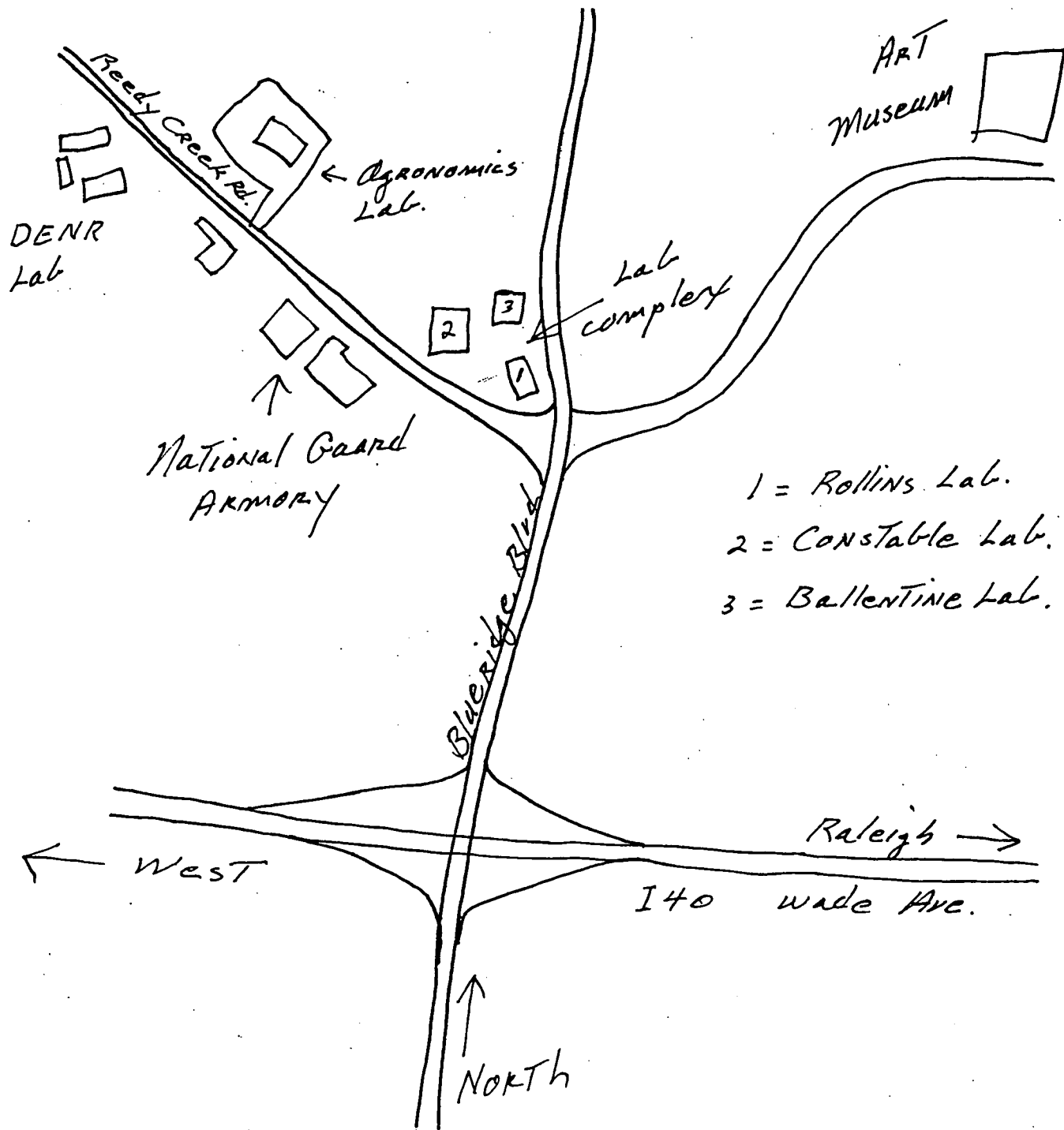
2. Department of Agriculture and Consumer Services

Tour of Blue Ridge Road Labs

- Agronomics Lab
- Rollins Diagnostic Lab
- Constable Lab (Food and Drug)
- Ballentine Lab (Pesticide)

Maurice Weaver
Deputy Commissioner

Map NCDA&CS Laboratory Complex



VISITOR REGISTRATION SHEET

APPROPRIATIONS/Natural & Economic Resources

November 18, 1997

Name of Committee

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

[illegible]

North Carolina Industrial Commission

Chairman: J. Howard Bunn, Jr.

Commissioners:

Bernadine Ballance

Thomas Bolch

Laura Mavretic

Dianne Sellers

Christopher Scott

Renee Riggsbee

Administrator: Buck Lattimore

Deputy Commissioners:

Douglas E. Berger

Morgan S. Chapman

Lorrie L. Dollar

Edward Garner, Jr.

William L. Haigh

Mary Moore Hoag

William Bain Jones, Jr.

Margaret A. Morgan

Chrystal R. Stanback

Wanda B. Taylor

William C. Bost

Kimberly L. Cramer

Richard B. Ford

George T. Glenn II

John A. Hedrick

Phillip A. Holmes

Martha Lowrance

Amy L. Pfeiffer

Teresa B. Stephenson

Pamela T. Young

Section Heads:

Docket Section--Phillip Hopkins, Docket Supervisor

Statistics Section--Joann Thorpe, Statistics Supervisor

Claims Section--Pat Benton, Chief Claims Examiner

Office of the Executive Secretary--Tracey Weaver, Executive Secretary

Medical Fees Section--Nick Davis, Medical Fee Examiner

Workers' Compensation Nurses Section--Margaret Dunn, Chief Nurse

Safety Education Section--Jim Howell, Director of Safety Education

Computer Support/Data Processing Section--

Dick Sossoman, Computer Support Supervisor,

Robert McDowell, Web Master;

Commissioner Tom Bolch, Commission Liaison

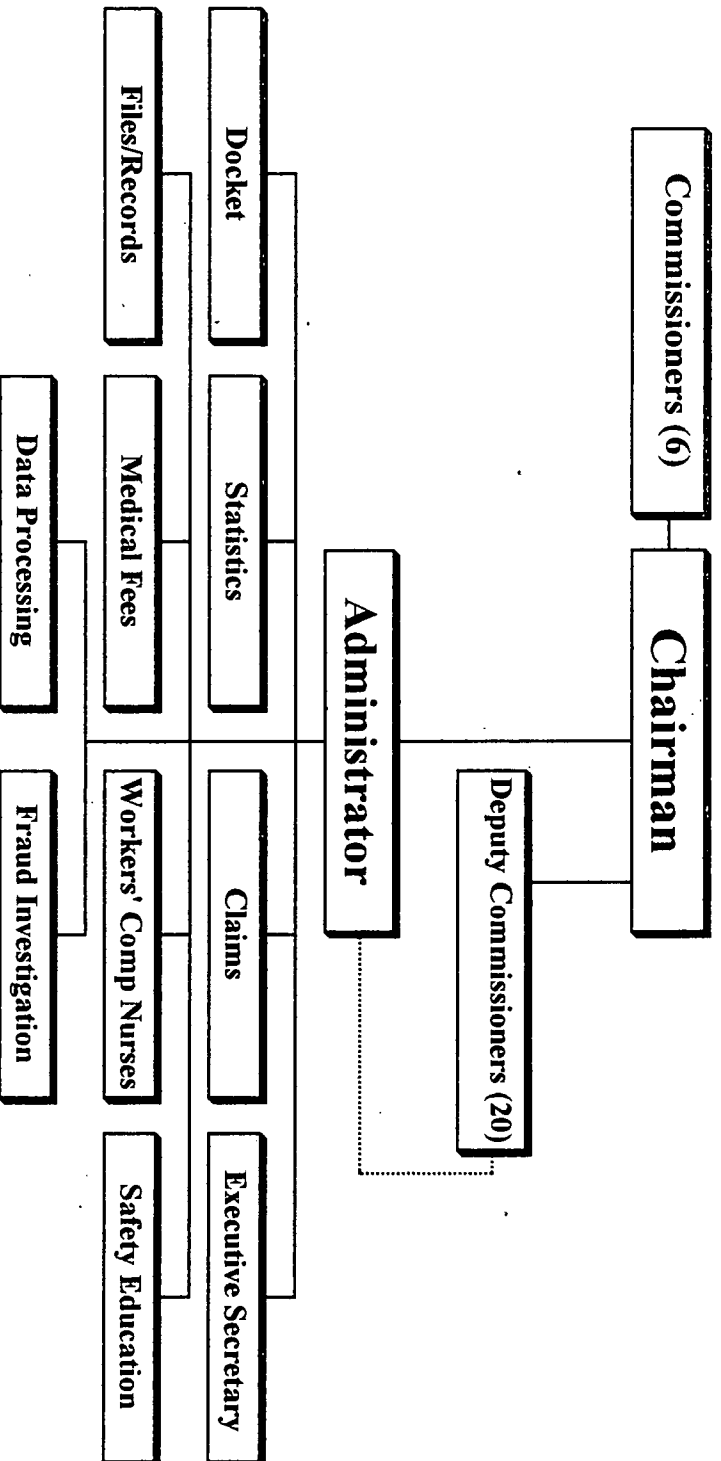
Workers' Compensation Fraud Investigation Unit--

J. Alves, Investigator; Ray Young, Investigator;

Commissioner Bernadine Ballance, Commission Liaison

Mediation Unit--John Schafer, Mediation Director

North Carolina Industrial Commission Organization Chart



**North Carolina Industrial Commission
Electronic Document Management System {EDMS}
Project Overview**

-PROCESS

- Scanning-** Documents for files on the EDMS are scanned into the system in one of our two scanning rooms.
- Routing-** Documents are then routed by the scanners to each section.
- Indexing-** Documents are then indexed by assigned personnel.
- Workflow-** After being indexed, documents enter an electronic flow of work (Workflow) that carries them through the Commission.
- Storage-** Files are stored permanently on Optical Platters from where they can be recalled in 6 to 8 seconds.

-ADVANTAGES OF THE EDMS

Increased Storage Capacity

- Decreased costs in storing files.
- Saved man hours by not having to manage paper files.
- Capacity to store 10 years worth of files.

Simultaneous Access to Files

- Improved response time to all types of inquiries.
- Saved man hours from not having to search for files.

Automated Flow of Work {Workflow}

- Shorter period between the filing of a claim and decisions.
- Improved response time to routine inquiries.
- Saved man hours by not having to manually transport files.

COMP.net WWW and BBS

N.C. INDUSTRIAL COMMISSION • 430 NORTH SALISBURY STREET • RALEIGH, NC 27611 • (919) 715-2507

Welcome to COMP.net

As part of its continuing efforts to streamline and speed up the claims process, the Industrial Commission created **COMP.net**. **COMP.net** is an ever-expanding network of *free information services*, available 24 hours a day, seven days a week! The brainchild of Commissioner Thomas J. Bolch, **COMP.net** now includes the Commission's Internet home page, a computer Bulletin Board System (BBS), printed user guides, other how-to publications, and some telephone and in-person assistance.

The Internet home page provides a Table of Contents for both sites. The home page includes clickable, bright-blue, underlined hypertext links to:

- Basic information about the Commission,
- Hearing Calendars,
- Forms,
- Essential Publications,
- Commission Rules,
- The text of the Statute, and
- Staff e-mail addresses and telephone numbers.

COMP.net has many uses. For example:

- The Commission can inform the workers' compensation community *instantly* of any changes in policy or procedure. This is a memo announcing that the **Maximum Weekly Benefit for 1998 Will Be \$532.00**.
- An injured worker in Murphy can find out when and how to file a claim, and an employer in Manteo can download, print out, fill in, and mail back any Industrial Commission **Forms today**—without having to call the Commission and wait a week or so for the forms to arrive in the mail.
- **COMP.net** also offers three databases. By searching the **Full Commission Opinions** database, plaintiff's and defense attorneys can find out how the Commission has ruled on certain types of claims. Moreover, an out-of-state insurance executive recently told us that he checks this database to find out the Full Commission's track record, so he can advise his North Carolina adjusters whether to settle claims.

If you have any questions, I shall be happy to answer them when you visit my area.

Robert W. McDowell
Webmaster/BBS Sysop
November 18, 1997

Questions? E-mail **mcdowellr@ind.commerce.state.nc.us** or dial (919) 715-2507

Praise for COMP.net

From the Reflex Sympathetic Dystrophy Network:

North Carolina simply has the best worker's compensation Web site of any state.

- *COMP.net , The Home Page of the N.C. Industrial Commission, this is quite simply the most comprehensive and amazing workers' compensation site of any state on this list. Almost every bit of information you could want, from forms to print, a complete list of staff email addresses and/or phone numbers, complete text of the workers' compensation act. This site is incredible, and we were even able to search through commission decisions for those that included RSD!*
- *Quite simply the model which all other states should follow!*
 - *Workers' Compensation Administrators Directory, Nationwide directory.*
 - *Comprehensive List of Worker's Comp Web and Gopher Links, incredible.*

Excerpt from RSDN's "Workers' Compensation Information Sources For All 50 States" page: <http://www.rsdnet.org/WorkersComp.html>

From the Workplace Injury Litigation Group, Inc.:

The Workplace Injury Litigation Group, Inc. is a national association of workers' comp. plaintiffs' attorneys—many of whom use the internet daily for communication and information purposes. Our members are consistently and highly impressed when visiting the N.C. Industrial Commission's home page. (As you are probably well aware, this isn't an easy group to please.) Your site is truly a national example that lends itself well to information sharing and communication between interested parties from both business and labor. Good job!

Gregory E. Williams


Executive Director

Workplace Injury Litigation Group, Inc.

November 17, 1997 E-mail

Welcome to COMP.net on the Web

As part of its continuing efforts to streamline and speed up the workers' compensation claims process, the N.C. Industrial Commission (NCIC) created **COMP.net**, an ever-expanding network of *free information services*, available 24 hours a day, seven days a week! **COMP.net**, which now includes the NCIC's Internet home page, a computer Bulletin Board System (BBS), printed user guides, other how-to publications, and some

<p><u>Text Only Version</u></p>  <p>This page was last updated November 14, 1997</p>	<p>The Official Home Page of the N.C. Industrial Commission</p> <p>James B. Hunt Jr., Governor J. Howard Bunn Jr., Chairman</p>
<p>Basics About the: Commission Commissioners Administrator Deputy Commissioners</p> <p>Other NCIC Sections: Claims Docket Executive Secretary Fraud Investigations Mediation Medical Fees Medical Rehabilitation Nurses Ombudsman Safety Statistics</p> <p>Calendars (in PDF) Full Commission Deputy Commissioners</p> <p>Forms (in PDF): NCIC Forms</p> <p>Publications</p>	<p>Workers' Compensation News</p> <ul style="list-style-type: none">• <u>Claims Ready for Initial Hearing, But Not Yet Set</u> (i.e., claims that are ready for hearing at the Deputy Commissioner level, but not yet set as of November 7, 1997)• <u>Governor Appoints Christopher Scott and Renee Riggsbee to the Commission</u>• <u>Maximum Weekly Benefit for 1998 Will Be \$532.00</u> (NCIC Executive Secretary Tracey H. Weaver's August 13 memo)• <u>Workers' Compensation Bills Passed by 1997 N.C. General Assembly</u>• <u>NCIC Decisions Available from LOIS and NEXUS</u>• <u>Workers' Comp Agency Proud of Accomplishments</u> (includes the NCIC's press release concerning the State Auditor's Performance Audit Report, plus the State Auditor's Press Release and the <i>complete</i> text of the report)• Click here for a complete list of <u>Workers' Compensation News</u> items. <p>Welcome to COMP.net, the official home page for the State of North Carolina's Industrial Commission (NCIC). A</p>

telephone and in-person assistance, is the brainchild of Commissioner **Thomas J. Bolch**. The N.C. Industrial Commission's Internet address is:

<http://www.comp.state.nc.us/>

COMP.net on the world wide web (WWW) provides a treasure trove of workers' compensation information for claimants, employers, insurance carriers, their attorneys, third-party administrators, and other interested parties. Key menu items include the following:

- **Workers' Compensation News.** (This section features both NCIC items and selected outside items.)
- **Basics.** (Basic information includes a detailed section-by-section description of the Commission and its activities, brief biographical profiles of the Commissioners and Deputy Commissioners, and separate pages for the NCIC's Fraud Investigations, Mediation, Ombudsman, and Safety Education sections.)

- **Calendars.** (The NCIC home page offers hypertext links to Full Commission Calendars and Deputy Commissioners' Calendars in PDF [portable document format] versions, plus a link to obtain the *free* **Adobe® Acrobat® Reader** needed to view and print these calendars.)
- **Forms.** (**COMP.net** also offers PDF versions of all major N.C. Industrial Commission forms. These PDF files may be printed out, filled in, and submitted in lieu of the preprinted NCIC forms.)
- **Publications.** (Major documents include: the N.C. Industrial Commission's March 1, 1997 update of the Commission's annual *Bulletin*, a *Brief Outline of Procedures Under the North Carolina Workers' Compensation Act*, *Navigating Through the Industrial Commission: How to Really Get Things Done and Who Can Get Them Done* by Commissioner **Dianne C. Sellers**, a *Commuted Value Table*, a list of *Frequently Asked Questions*, *Workers' Compensation Managed Care* by former Commissioner **J. Randolph Ward**, and selected workers' compensation papers.)
- **Rules** (the complete *N.C. Industrial Commission Rules*).
- **Statute** (the complete text of *N.C. General Statutes Chapter 97: Workers' Compensation Act*).
- **Staff.** (This section includes employee **E-mail Addresses**, a **Telephone Directory**, and staff **Photos**.)
- **Searchable Databases**, including:
 - ⇒ **Full Commission Opinions** (complete copies of 1,543 Opinions and Awards and Orders issued since December 1, 1994—complete with separate written concurrences and dissents [if any]);
 - ⇒ **N.C. Supreme Court and Court of Appeals Decisions** (complete text of 148 court decisions since 1994); and
 - ⇒ **N.C. Gen. Stat. Chapter 97, plus NCIC Rules** (complete text of *Chapter 97: Workers' Compensation Act* and *N.C. Industrial Commission Rules*).
- **Special Features**, including:
 - ⇒ **Workers' Compensation Court Decisions** issued by the N.C. Supreme Court, N.C. Court of Appeals, and U.S. Supreme Court—plus the U.S. Code;
 - ⇒ **Workers' Compensation Administrators Directory** (complete with hypertext links [if available] for all 50 states, the District of Columbia, American Samoa, Guam, the Navaho Nation, Puerto Rico, the Virgin Islands, etc.); and
 - ⇒ **Related Web Sites** (a comprehensive list, with annotated hypertext links to state government agencies, all 50 states' home pages and workers' compensation sites, federal government sites, other countries' workers' compensation agency home pages, medical and health sites, professional associations, educational courses, publications, services, software, and reference sites).

Expansion of the **COMP.net** Internet site occurs almost every work day!

Robert W. McDowell

Webmaster/BBS Sysop

November 18, 1997

Need help with a claim? Want to know your rights? Dial the
Ombudsman Section toll free at **(800) 688-8349**.

* * * * *

To report fraud, dial the **Fraud Investigations Section** toll free
at **(888) 891-4895** (in North Carolina).

Questions? E-mail **mcdowelr@ind.commerce.state.nc.us** or dial **(919) 715-2507**

Text Only Version



This page was last
updated
**November 18,
1997**

Basics About the:
[Commission](#)
[Commissioners](#)
[Administrator](#)
[Deputy](#)
[Commissioners](#)

Other NCIC
Sections:
[Claims](#)
[Docket](#)
[Executive Secretary](#)
[Fraud Investigations](#)
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[Rehabilitation](#)
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Calendars (in PDF)
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Forms (in PDF):
[NCIC Forms](#)

Publications:
[Annual Bulletin](#)
(March 1, 1997
update)
[Brief Outline of](#)
[Procedures Under](#)
[Workers' Comp Act](#)
[Navigating Through](#)
[the NCIC](#) (How to
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The Official Home Page of the

N.C. Industrial Commission

James B. Hunt Jr., Governor

J. Howard Bunn Jr., Chairman

Workers' Compensation News

- [Claims Ready for Initial Hearing, But Not Yet Set](#)
(i.e., claims that are ready for hearing at the Deputy Commissioner level, but not yet set as of November 7, 1997)
- [Governor Appoints Christopher Scott and Renee Riggsbee to the Commission](#)
- [Maximum Weekly Benefit for 1998 Will Be \\$532.00](#)
(NCIC Executive Secretary Tracey H. Weaver's August 13 memo)
- [Workers' Compensation Bills Passed by 1997 N.C. General Assembly](#)
- [NCIC Decisions Available from LOIS and NEXUS](#)
- [Workers' Comp Agency Proud of Accomplishments](#)
(includes the NCIC's press release concerning the State Auditor's Performance Audit Report, plus the State Auditor's Press Release and the *complete* text of the report)
- Click here for a complete list of [Workers' Compensation News](#) items.

Welcome to **COMP.net**, the official home page for the State of North Carolina's **Industrial Commission** (NCIC). A division of the Department of Commerce, the Commission was established by the General Assembly in 1929 to administer the Workers' Compensation Act. The Act provides protection for workers and employers within North Carolina against loss due to work-related injury or disease. The Industrial Commission also has jurisdiction over tort claims against the state and claims by families of law enforcement officers, fire fighters, and rescue squad workers.

For help with a claim, e-mail the **Ombudsman Section** or dial toll-free (800) 688-8349.

To report fraud, e-mail the **Fraud Investigations Section**, or dial toll-free (888) 891-4895 (in North Carolina).

Statute: N.C.G.S. Chapter 97	If you have any comments or questions about the NCIC web site, click below to e-mail webmaster Robert W. McDowell at mcdowellr@ind.commerce.state.nc.us	
Staff: E-mail Addresses Photos Telephone Directory	Searchable Databases: Full Commission Opinions since December 1, 1994 Deputy Commissioner Opinions since December 1, 1994 (available to NCIC staff only) N.C. Supreme Court and Court of Appeals Decisions since 1994, not including Report per Rule 30(e) decisions N.C. Gen. Stat. Chapter 97, plus NCIC Rules Yahoo! Search for "workers' compensation"	Special Features: Workers' Compensation Court Decisions of the N.C. Supreme Court, N.C. Court of Appeals, and U.S. Supreme Court, plus the U.S. Code Workers' Compensation Administrators Directory (for all 50 states, the District of Columbia, American Samoa, Guam, the Navaho Nation, Puerto Rico, the Virgin Islands, etc.) Related Web Sites (the most complete list anywhere)
You are visitor number: 24880	N.C. Industrial Commission • Dobbs Building • 430 North Salisbury Street • Raleigh, NC 27611 Main: (919) 733-4820 • Fax: (919) 715-0282 • BBS: (919) 715-2507	

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Fax: (919) 832-2021
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Fax: (919) 981-0199
- PLAINTIFF'S BAR
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Fax: (919) 833-1059
- NC CHIROPRACTIC ASSN.
Richard Armstrong, DC
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Cary, North Carolina 27511
Telephone: (919) 467-2895
Fax: (919) 467-8707
- Christine Caron, Executive Director
N. C. Chiropractic Assn.
333 Fayetteville Street Mall, Ste. 1500
Raleigh, North Carolina 27601
Telephone: (919) 832-0611
Fax: (919) 832-0612
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SECTION, NC BAR ASSN.
George W. Dennis, III
Teague, Campbell, Dennis and Gorham
1621 Midtown Place
Raleigh, North Carolina 27609
Telephone: (919) 873-0166
Fax: (919) 873-1814

**North Carolina Industrial Commission
Deputy Commissioner
Hearing Backlog**

	Workers' Compensation Cases	Tort Cases
June 1, 1996	4529*	234
October 1, 1996	2991*	154
February 21, 1997	664*	90
November 15, 1997	706	28

***Includes 110 penalty hearings; actions against non-insured employers; no claim pending**

North Carolina Industrial Commission

Mediation

	<u>1994-95</u>	<u>1995-96</u>	<u>96-current</u>
Cases ordered into mediation upon automatic referral (beginning Oct., 1996)	0	0	5643
Cases ordered into mediation upon request of parties	898	1825	1015
Total cases ordered into mediation	898	1825	6658
Cases removed from mediation at request of parties	23.9%	16.9%	18.6%
Settlement Rate (including cases settled after appointment of mediator but prior to mediation)*	72.0%	72.8%	76.8%
Settlement Rate (cases actually mediated)**	59.6%	63.7%	67.3%

*In similar programs in courts across the country, the settlement rate is in the 60%-65% range.

**In similar programs in courts across the country, the settlement rate is in the 50% range.

***Above settlement rates do not include cases in which hearing requests have been withdrawn or in which disputed issues have been resolved at hearings scheduled prior to mediation conference.

Other Benefits of Mediation Program

- Number of cases that require a formal hearing reduced by over 25%.
- Disposition time substantially reduced.
- Favorable reactions from parties, attorneys, carrier representatives and mediators.
- The settlement of cases in mediation, unlike the issuance of opinions and awards after a formal hearing, is a final disposition of a case which avoids the need for appeals to the Full Commission and the Court of Appeals.

**NORTH CAROLINA INDUSTRIAL COMMISSION
OFFICE OF THE EXECUTIVE SECRETARY**

- The Executive Secretary's Office provides an informal proceedings avenue for parties to raise issues and receive administrative rulings when a case is not calendared for a full evidentiary hearing or appeal.
- The informal hearings, conference calls, and resulting administrative orders are handled by the Executive Secretary, 2 permanent Special Deputy Commissioners, and 2 temporary Special Deputy Commissioners. Clerical support for the Special Deputy Commissioners is provided by 1 temporary employee. 1 temporary Agency Legal Specialist is available for legal research if needed.

<u>Average Monthly</u>	<u>Average Annually</u>	EXECUTIVE SECRETARY
330	3960	Orders regarding Discovery, Reinstatement of Compensation, Penalties, Dismissals, Expert Witness Fees, Guardian Ad Litem Applications, and Compliance with the Workers' Compensation Act and Rules
110	1320	Third Party Distributions
175	2100	Attorney Withdrawal Orders
<u>Monthly</u>	<u>Annually</u>	SPECIAL DEPUTY COMMISSIONERS
198	2376	Applications for Termination or Suspension of Compensation. Require an Administrative Decision and Order. (50% of these cases require an informal telephone hearing and decision within 5 days.)
142	1704	Motions on Medical Issues. (50% of these cases require a conference call. An Order is then issued if the issue is not resolved in the conference.)
750	9000	Compromise Settlement Agreements

**NORTH CAROLINA INDUSTRIAL COMMISSION
OMBUDSMEN PROGRAM
WORKERS' COMPENSATION ASSISTANCE AND INFORMATION**

TOLL FREE HELP LINE: 1-800-688-8349

Inquiries Handled (calls and office visits):

January 1995 - June 1995	6,770 inquiries
July 1995 - June 1996	27,330 inquiries
July 1996 - June 1997	37,417 inquiries
July 1997 - October 1997	11,919 inquiries

Public Information Speeches:

Approximately 3-5 each month. There are numerous requests for the Ombudsmen to speak to various groups to present workers' compensation information. The requests are met as availability of time and staff permits.

Most Frequent Source of Inquiries:

- Employees
- Employers
- Adjusters
- Insurance Agents
- Attorneys
- Medical Providers

North Carolina Industrial Commission

Top 10 Subjects and Sample Questions Handled by Ombudsmen

Employee Rights

- Injured at work, what do I do?
- What do workers' compensation benefits cover?
- Is there a waiting period with workers' compensation?

Medical

- Can I choose my own doctor?
- I want to change doctors/I'm not satisfied with the permanent rating I received.
- Medical provider cannot obtain authorization from employer to treat injured employee, what to do?

Agreements

- Has agreement been approved by IC?
- I've received this form agreement, what is it and should I sign it?
- My rating is 5% to the leg: is 10 weeks the correct amount I'm entitled too?

Legal Questions

- Is carpal tunnel syndrome covered under the Workers' Compensation Act?
- I fell at work, is my injury covered under the Workers' Compensation Act?
- Define accident; specific traumatic incident; employee.

Coverage

- How to obtain workers' compensation coverage?
- Number of employees required to obtain workers' compensation coverage.
- Are family members included in the 3 or more head count?
- Are non-profits required to have workers' compensation coverage?

Claim Status

- Has the workers' compensation claim been updated?
- What form is used and who receives copies of it?
- Does the Industrial Commission notify the employer of injury or do I?

Hearings/Dockets

- Claim is denied what is my next step?
- Has case been set for hearing?
- How to appeal the decision?

Forms

- Which form is used and for what purpose?
- Explain the purpose of form.
- Ready to close file, which form is submitted?

Jurisdiction

- Wrongfully terminated, with what agency do I file a complaint against my employer?
- I'm on workers' compensation and employer stops paying for personal insurance, what do I do?
- Independent contractors.

Sub/General Contractor

- I'm a subcontractor, do I have to obtain a workers' compensation policy?
- I'm a general contractor, am I responsible for the sole proprietor/sub-contractor's workers' compensation?
- What is date of most recent law change on sub-contracting and explain the changes?

--prepared by Leslie Beaver, Ombudsman

AGRONOMIC DIVISION NORTH CAROLINA DEPARTMENT OF AGRICULTURE

The Division was established in 1938 as the Soil Testing Division, and in 1973 changed to the Agronomic Division to denote the increased range of agronomic and environmental services provided to the citizens of the state.

PURPOSE

The purpose of the Division is to increase crop production efficiency, sound soil management, and environmental quality improvement by providing soil, plant, waste, solution, and nematode diagnostic and advisory services for all citizens of North Carolina. To conduct educational programs to better acquaint the citizens, state, and local agencies of the benefits which can be derived from the use of these services. Provide producers agronomic management advisory services through a state-wide regional agronomist program to help them implement the management recommendations in the most cost effective and environmentally safe way. Carry out methodology research and cooperative field calibration research across the state.

The following will indicate the level of contribution the Division made during the past fiscal year:

WORKLOADS 1996-97

SERVICE

Soil samples analyzed	272,874
Plant samples analyzed	13,447
Waste samples analyzed	6,575
Solution samples analyzed	3,092
Nematode samples analyzed	28,650
Number of analytical determinations	4,943,388
Number of advisory reports	49,032
Waste Management plans developed	66

EDUCATION

Producer consultations 8,600 + (5,389)	13,989
Public presentations 109 + (110)	219
Lab lecture/tours	133
Radio and TV presentations 14 + (17)	31
News releases 23 + (37)	60
Out-of-state scientific visitors	107
Waste Management teaching experiences	51

RESEARCH

Research/Demonstration projects	147
Publications	12

**N. C. DEPARTMENT OF AGRICULTURE & CONSUMER SERVICES
AGRONOMIC DIVISION**

	<u>92-93</u>	<u>95-96</u>	<u>96-97</u>	<u>% INCREASE LAST 4 YEARS</u>	<u>% INCREASE LAST YEAR</u>
SOIL	215,206	244,879	272,874	26.8	11.4
PLANT	9,044	10,634	13,447	48.7	26.5
WASTE	1,645	3,724	6,575	300.0	76.6
SOLUTION	1,443	2,446	3,092	114.3	26.4
NEMATODE	30,575	28,432	28,650	- 6.3	0.8
TOTAL					
SAMPLES	257,913	290,115	324,638	25.9	11.9
REPORTS TO					
GROWERS	41,679	43,434	49,032	17.6	12.9

SOIL TESTING PRODUCTION LEVELS

<u>YEAR</u>	<u>PREDICTIVE & DIAGNOSTIC</u>
1993 - 94 Season Old equipment, fully staffed	1,300 Samples/day
1994 - 95 Season New building, old equipment, fully staffed	1,400 Samples/day
1995 - 96 Season Some new equipment but without full staff	1,800 Samples/day
1996 - 97 Season New equipment/computerization, full staff (Same number of staff as 1993 - 94)	2,200 Samples/day
1997 - 98 Season - Projected Same equipment & staffing as 1996 - 97	2,400 Samples/day

SUPPORT FOR MANDATORY ANIMAL WASTE/SOIL & PLANT TESTING

Senate Bill 1217, which passed June 1996, requires sites on which animal waste is applied to have periodic waste/soil and plant testing done to guide the wise agronomic utilization of the waste and to protect the environment. Senate and House Bills introduced during the 1996 and 1997 Sessions which contained funds to support these additional mandatory levels of services DID NOT PASS. The first year after passage of SB1217, soil, plant, waste and solution testing increased 11, 27, 77 and 26 percent, respectively (mandatory testing was in effect only during the last half of the year). More increases can be expected as compliance with SB1217 continues and as concerns for water quality heighten.

The additional support will provide personnel, equipment and supplies necessary to meet the increased demand for services in a timely manner. Waste/Soil and Solution Advisory Services will also be strengthened by adding tests that allow a more precise prediction of nutrient availability and water quality.

	<u>1998-99</u>	<u>1999-00</u>
Expansion	685,000	625,000
Number of positions	8.0	8.0

NER Appropriations Subcommittee
Wednesday, November 19, 1997
9:00 a.m. - 4:00 p.m.

1. Department of Commerce

- **State Information Processing Services**

Tour of facilities - 3700 Wake Forest Road

Rick Webb
Assistant Secretary for Information Technology
Chief Information Officer

LUNCH ON YOUR OWN

2. North Carolina Housing Finance Agency

Tour of local Housing Trust Fund project - bus departs under Lane Street bridge
at 1:30 p.m.

Bob Kucab
Executive Director

Appropriations Subcommittee on Natural and Economic Resources

DIRECTIONS TO THE STATE INFORMATION PROCESSING SERVICES (SIPS) FACILITY

Date: Wednesday, November 19, 1997

Location : 3700 Wake Forest Road
Raleigh, NC

Phone: 981-5555

Directions: Follow Peace Street to the on-ramp for Capital Blvd. North
Follow Capital Blvd. to the Exit for Wake Forest Road North
Exit onto Wake Forest Road North.
Continue traveling on Wake Forest Road for 2.6 miles
SIPS is located on the right hand side just beyond the Wake County Schools
Administration Building. Look for a small blue sign at ground level that has the
geographical outline of the State of North Carolina.

Sites By Status and Classification

Printed: Friday, October 31, 1997

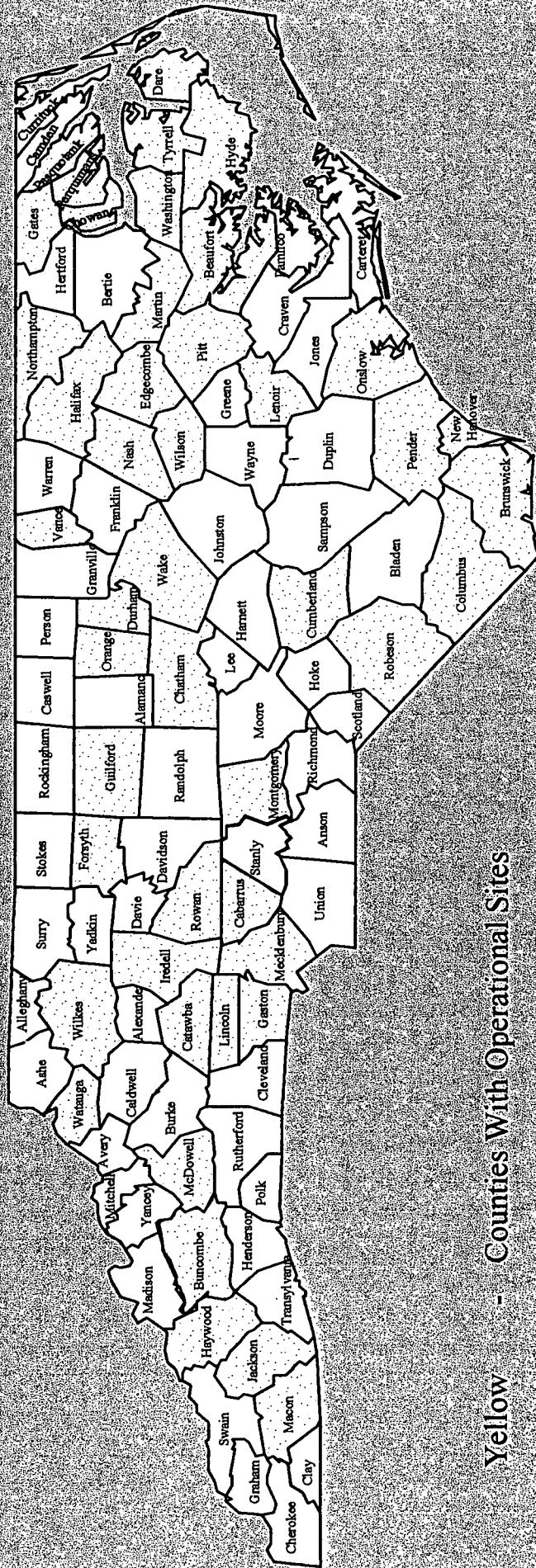
Operational Sites

Classification	Number of Sites
Community Colleges	28
Corrections	3
Health Sites	13
High Schools	55
Libraries	1
Local Governments	2
NTIA MEDICAL	6
Special and State Agencies	16
Universities	13
Subtotal:	137

Developing Sites

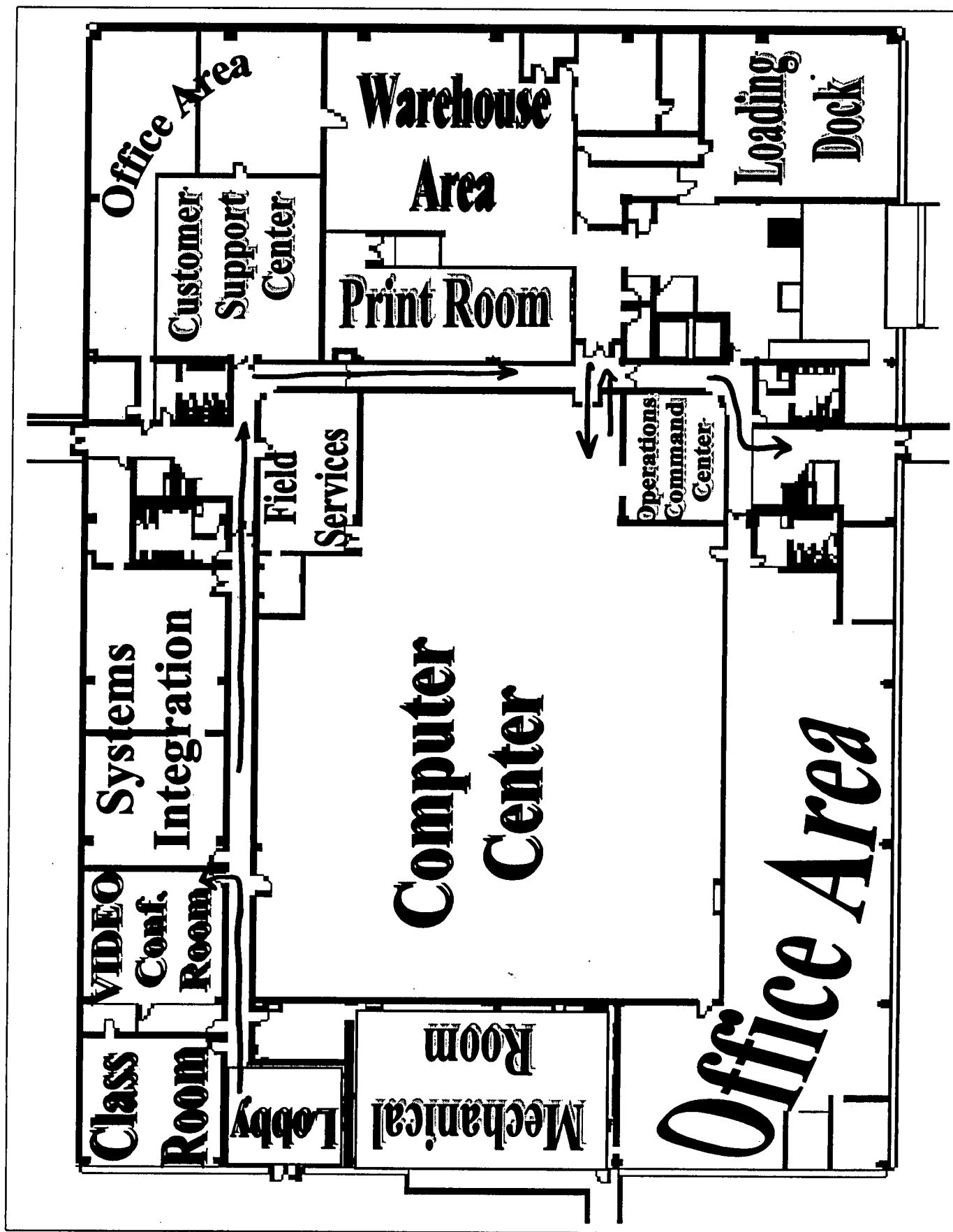
Classification	Number of Sites
Community Colleges	1
Corrections	2
Health Sites	1
High Schools	1
Special and State Agencies	3
Universities	1
Subtotal:	9

NCIH Operational Sites

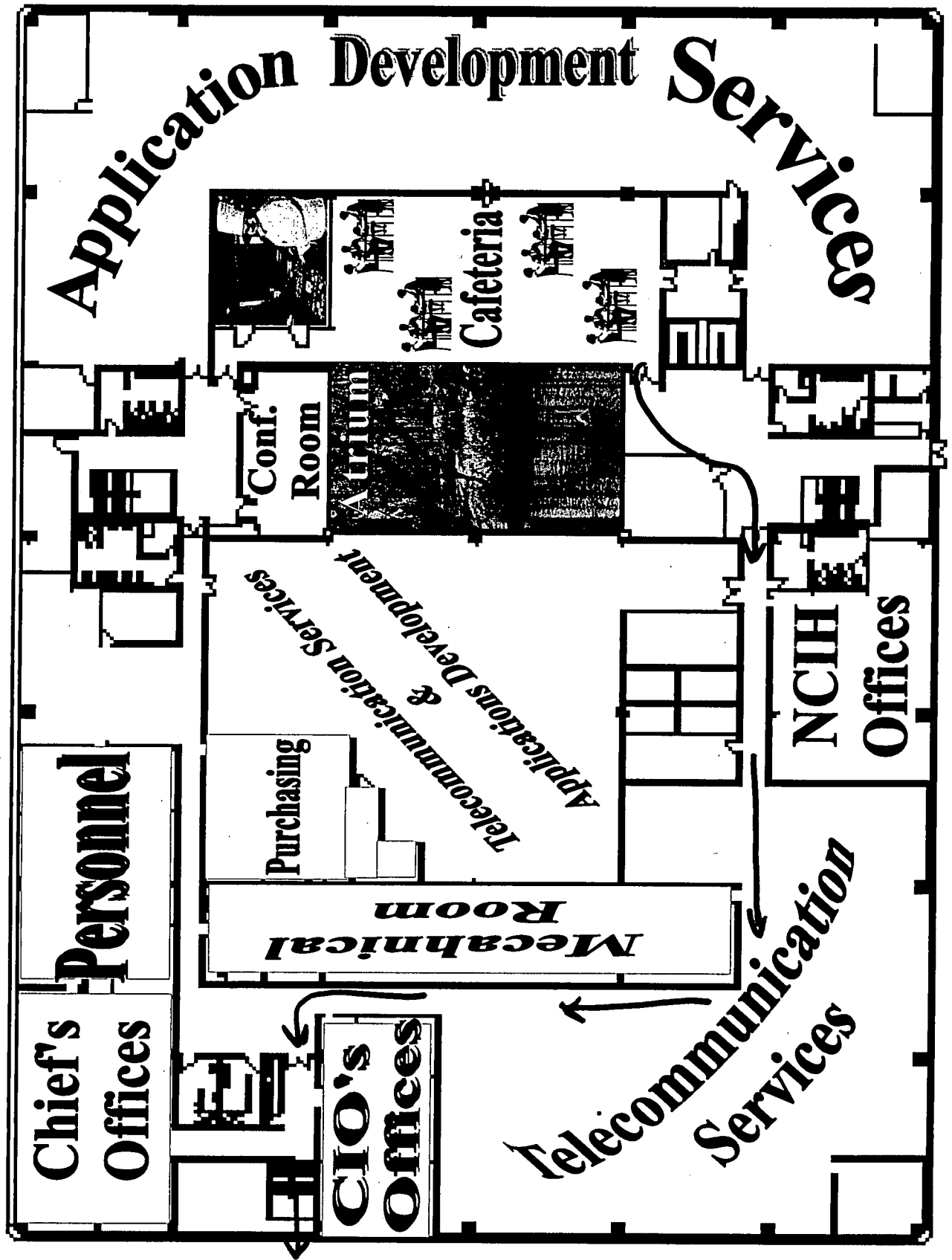


Yellow - Counties With Operational Sites

First Floor



Second Floor





Housing Trust Fund and HOME Program Production

A self-supporting
public agency

A. Robert Kucab
Executive Director

PO Box 28066
Raleigh, NC
27611-8066

3801 Lake Boone Trail
Suite 200
Raleigh, NC
27607-2926

919-781-6115
FAX: 919-781-5623

Housing Trust Fund

Homes/apartments produced	7,000
Funding provided	\$41.7 million
Value of housing produced/ value of rehabilitation	\$205 million
Counties served	100
Jobs created	3,100
Tax revenues generated	\$29 million
Every \$1 of state funds leverages	\$5 of housing

Home ownership	1,399 units
Rental housing	1,654 units
Housing rehabilitation	2,177 units
Special needs housing	476 units
Urgent repair program	1,297 units

HOME Program

Homes/apartments produced	6,767
Funding provided	\$91.3 million (including \$8 million of state matching funds)
Value of housing produced/ value of rehab	\$295.2 million
Jobs created	3,000
Tax revenues generated	\$28 million

Home ownership	2,019 units
Rental housing	3,026 units
Housing rehabilitation	1,722 units

Affordable Housing Tour North Carolina Housing Finance Agency

The four developments on the tour are funded by the Housing Trust Fund and the federal HOME Program leveraging other private and public financing.

Joe Lewis Park Subdivision (First-Time Home Buyers)

Sponsor:	Downtown Housing Improvement Corporation
Units:	17 single family homes (12 completed and closed)
Year opened:	1996
Average sales price:	\$92,000 to \$95,000
Affordability:	Households with incomes at 44% to 69% of median income*
Average square footage:	1,200
Cost per square foot:	\$73.00
Development cost:	\$1.5 million
HOME/Trust Fund loan:	\$340,000 (Acquisition, construction and permanent loan)

Jeffries Ridge Apartments (Family Rental)

Sponsor:	Downtown Housing Improvement Corporation
Units:	32, new construction
Year opened:	1989
Average rent:	\$300 - \$335
Affordability:	Households below 60% of median income
Cost per square foot:	\$57.33
Development cost:	\$1.5 million
HOME/Trust Fund loan:	\$50,000 (Predevelopment and permanent loan)

Magnolias (Elderly Rental)

Sponsor:	Wynnefield Properties
Units:	40, new construction
Year opened:	1997
Average rent:	\$345 - \$390
Affordability:	Households below 60% and 50% of median income
Cost per square foot:	\$75.53
Development cost:	\$2.6 million
HOME/Trust Fund loan:	\$555,400 (Permanent loan)

Marsh Creek Apartments (Special Needs Rental Housing)

Sponsor:	United Equities and CASA, Inc.
Units:	24, new construction
Year opened:	1997
Average rent:	\$207 - \$443
Affordability:	Households below 50% of median income
Cost per square foot:	\$52.20
Development cost:	\$1.4 million
HOME/Trust Fund loan:	\$550,400 (Permanent loan)

*Median income in Wake County is \$52,300.



Homes at Joe Louis Park

Fact Sheet

Overview

- 17 new single family homes developed in a critical infill area.
- Land acquired from North Carolina State University
- DHIC sold adjacent parcel to Shaw University which will develop 67 new homes to the North targeting middle and upper income buyers.
- Second phase for this development includes 19 more homes.

Schedule

- Home construction started in August 1996 and will be completed in early 1998.

Financing Partners

- DHIC will spend \$289,000 of NCHFA funds for land acquisition and development and second mortgages to qualifying low-income first time homebuyers.
- All NCHFA funds will be loans.
- City of Raleigh provided funding for pre-development and neighborhood planning studies and committed second mortgage funds for the cost of city permits and fees.
- Participating lenders include Wachovia, Centura, Chase, BB&T, First Citizens, and First Union.

Development Costs

- Total development costs of \$1,514,000.
- Land costs were \$11,000 per lot.
- Hard construction costs average \$72,000 per house.
- Home selling prices have ranged from \$92,500 to \$95,000.

Homebuyers

- Average household income of purchasers is \$31,000.
- Incomes range from \$24,000 to over \$48,000. Average household size in the development is 4 persons.
- For homebuyer's requiring downpayment assistance, the average second mortgage amount is \$17,000.
- We have sold eight homes and six are under contract.

Homes at Joe Louis Park



Seventeen new custom designed quality homes are being built by the award-winning Downtown Housing Improvement Corp. in the Joe Louis Park neighborhood on East Lenoir Street. Homes at Joe Louis Park are convenient to Interstate 440 and are just minutes from downtown.

These homes are just the first phase in the proposed development of property that was formerly held in trust by the N.C. State University Endowment Fund as part of the Gatling Estate. Homes in future phases will progressively increase in size and value.

Designed especially for first time buyers, these homes can be purchased with fixed rate mortgages from local lenders and special financing in the form of low cost second mortgages. With this financing, it is possible to own a home with a downpayment of \$1,500.

Financing Homes at Joe Louis Park

For Purchasers Requiring Downpayment Assistance

- ♦ Low cost fixed interest rate first mortgage through Wachovia and other lenders.
- ♦ Interest free downpayment assistance loan of up to \$20,000 available. Loan due in full upon sale of home; refinance of first mortgage; or at end of 30 years.
- ♦ Minimum annual income of \$25,000 required to qualify.
- ♦ Maximum incomes as follows:

Household size	Income Limit
1	29,300
2	33,450
3	37,650
4	41,850

For Purchasers Not Requiring Downpayment Assistance

- ♦ Competitive loan programs such as 100% financing available from several local lenders.

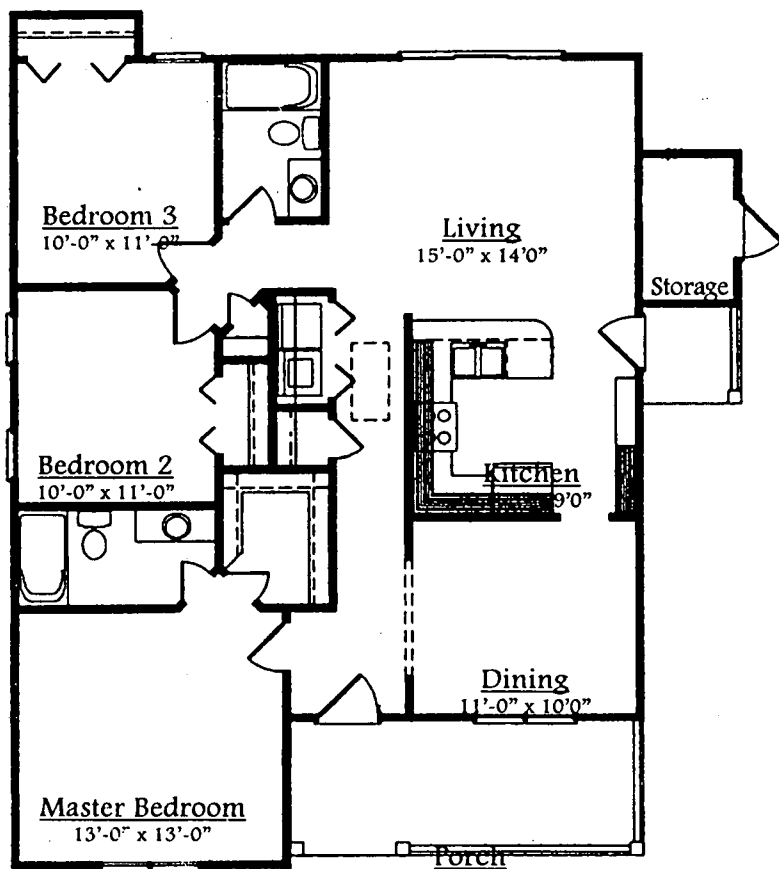


DOWNTOWN HOUSING
IMPROVEMENT CORP.
(919) 832-4345

Homes at Joe Louis Park



STREET ELEVATION



FLOOR PLAN

The Morgan II

1,210 square feet, three bedrooms, two full baths, one story, with the following features:

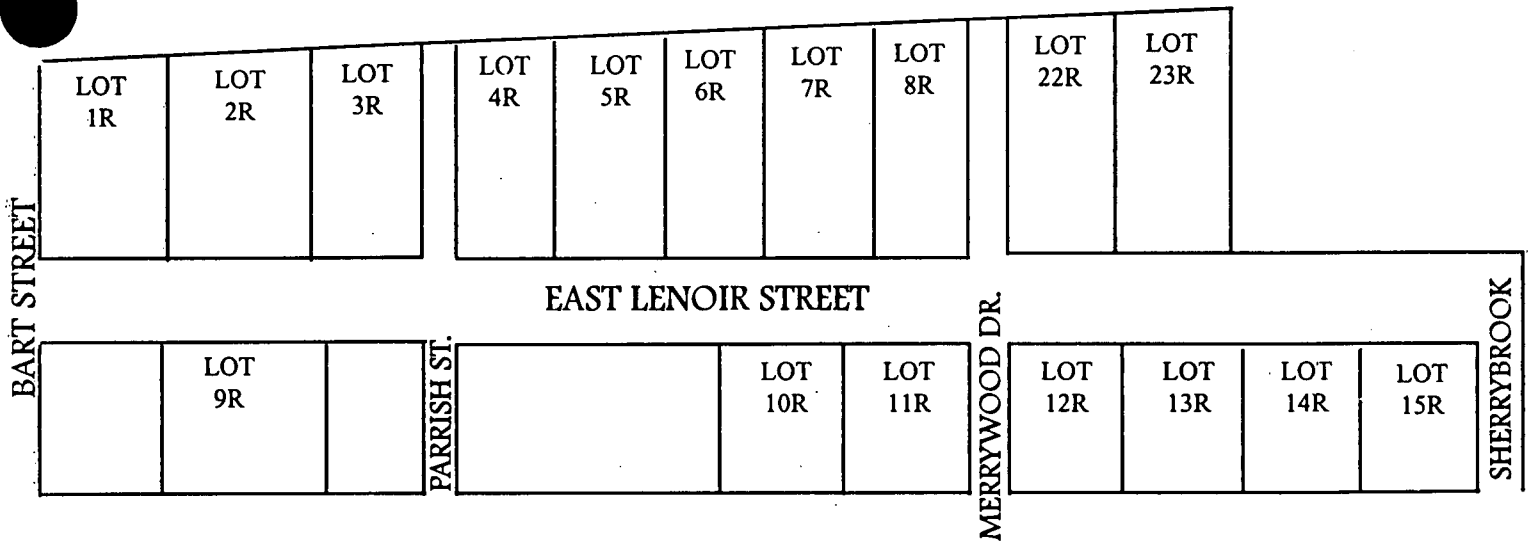
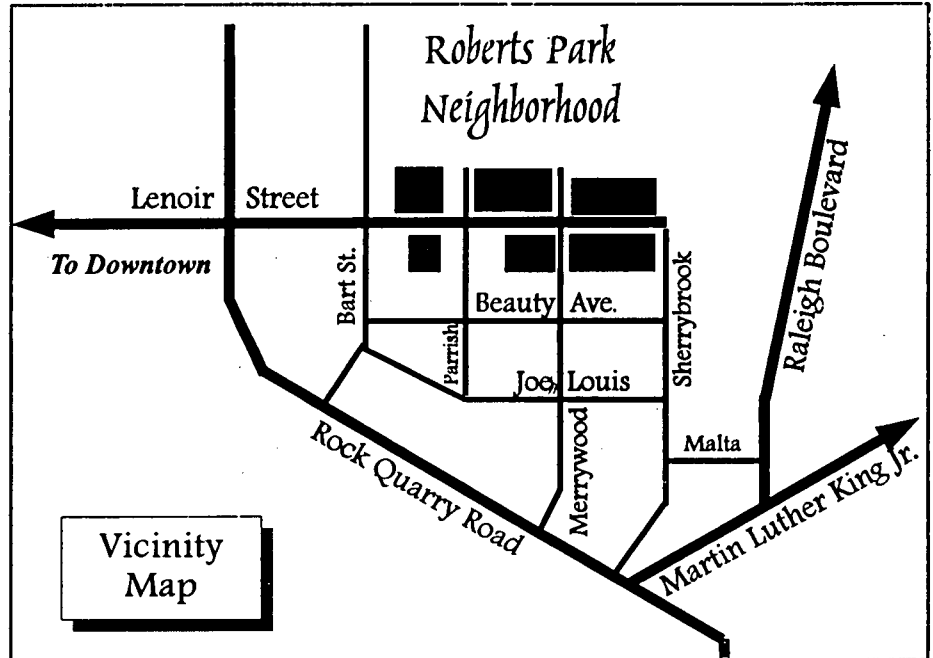
- ♦ Large master bedroom with private bath
- ♦ Large living room
- ♦ Formal dining room
- ♦ Breakfast bar
- ♦ Walk-in closets in Master Bedroom
- ♦ Front porch
- ♦ Exterior storage room



DOWNTOWN HOUSING
IMPROVEMENT CORP.
(919) 832-4345

Floor plans, dimensions and specifications subject to change

Homes at Joe Louis Park



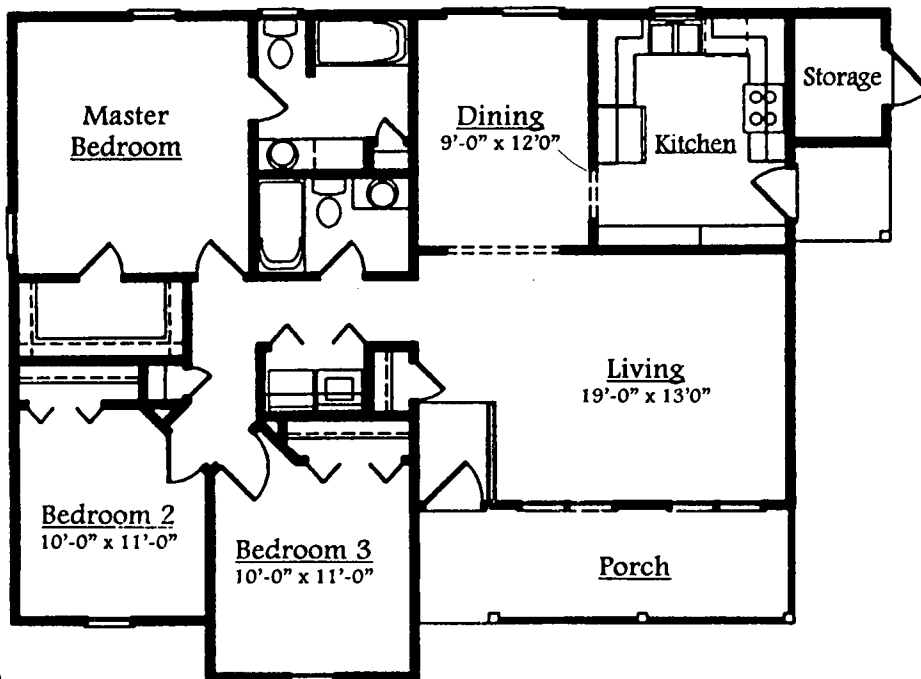
DOWNTOWN HOUSING
IMPROVEMENT CORP.
(919) 832-4345

Homes at Joe Louis Park



STREET ELEVATION

The Carlton



1,227 square feet, three bedrooms, two full baths, one story, with the following features:

- ♦ Large master bedroom with private bath
- ♦ Large living room
- ♦ Formal dining room
- ♦ Walk-in closets in master bedroom
- ♦ Front porch
- ♦ Exterior storage room



DOWNTOWN HOUSING
IMPROVEMENT CORP.
(919) 832-4345

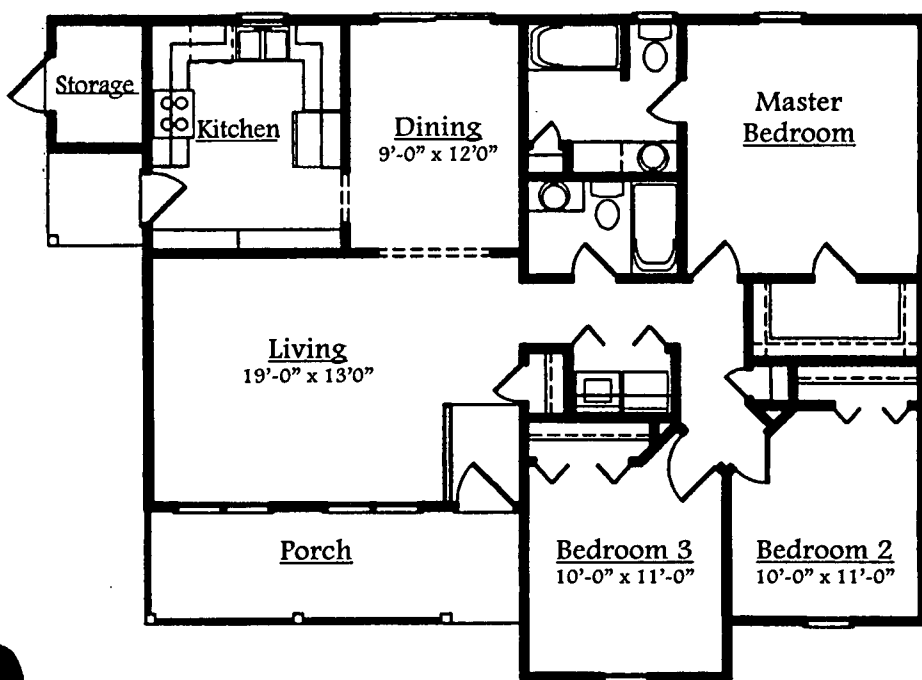
FLOOR PLAN

Homes at Joe Louis Park



STREET ELEVATION

The Carlton



FLOOR PLAN

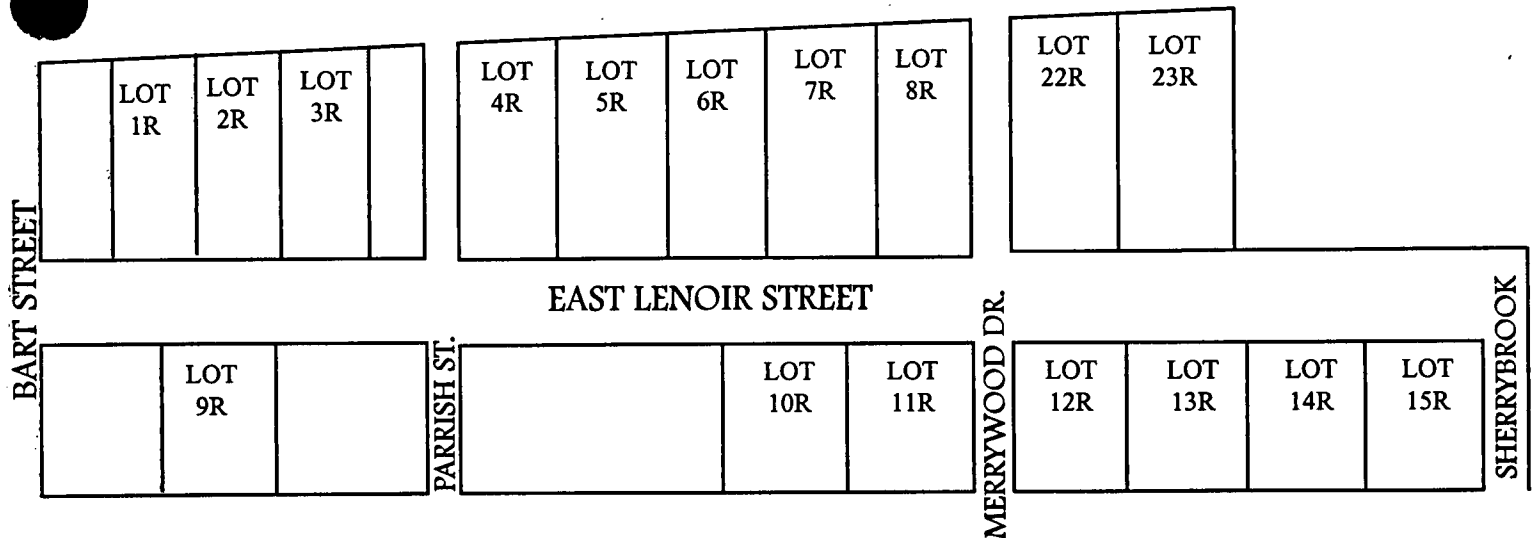
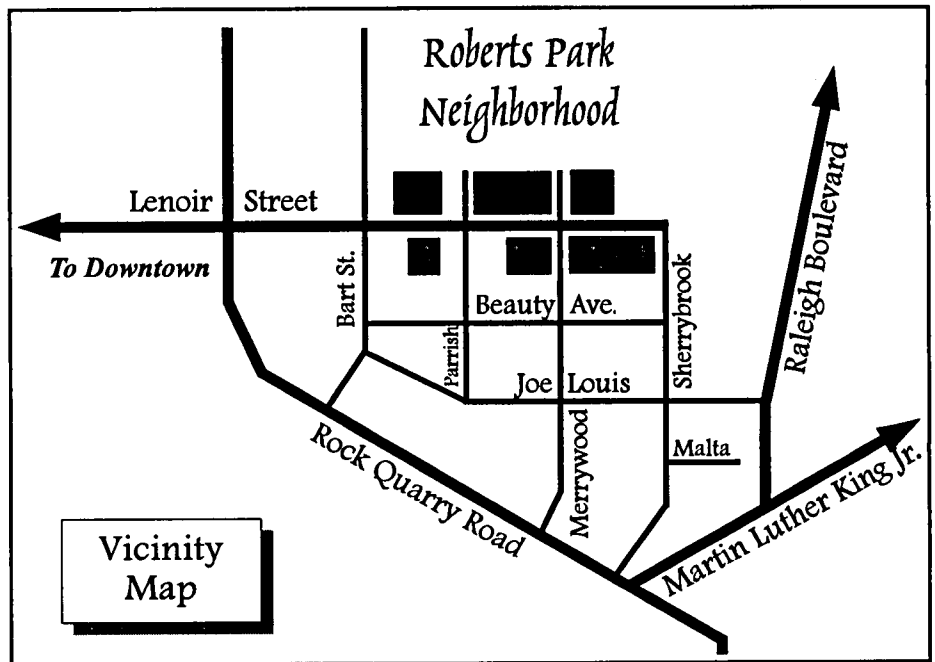
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- ◆ Exterior storage room



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Homes at Joe Louis Park



DOWNTOWN HOUSING
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Homes at Joe Louis Park

Lot	Model	Sq. Footage	Address	Sales Price	Status
1R	Morgan I	1,210	1307 E. Lenoir St.	\$94,000	SOLD!
2R	Carlton	1,227	1309 E. Lenoir St.	\$95,000	SOLD!
3R	Braswell	1,179	1311 E. Lenoir St.	\$94,300	SOLD!
4R	Morgan II	1,210	1401 E. Lenoir St.	\$94,000	SOLD!
5R	Braswell	1,179	1403 E. Lenoir St.	\$94,300	SOLD!
6R	Morgan I	1,210	1407 E. Lenoir St.	\$94,000	SOLD!
7R	Braswell	1,179	1409 E. Lenoir St.	\$94,300	SOLD!
8R	Morgan II	1,210	E. Lenoir St.	\$94,000	Contract
9R	Morgan I	1,210	1310 E. Lenoir St.	\$94,000	SOLD!
10R	Carlton	1,227	1410 E. Lenoir St.	\$95,000	SOLD!
11R	Braswell	1,179	E. Lenoir St.	\$94,300	
12R	Morgan II	1,210	1500 E. Lenoir St.	\$94,000	SOLD!
13R	Carlton	1,227	1506 E. Lenoir St.	\$95,000	
14R	Braswell	1,179	E. Lenoir St.	\$94,300	
15R	Morgan I	1,210	1516 E. Lenoir St.	\$94,000	
22R	Morgan I	1,210	E. Lenoir St.	\$94,000	SOLD!
23R	Braswell	1,179	E. Lenoir St.	\$94,300	Contract

Features

Three spacious bedrooms
 Two full bathrooms, including large private bath off of Master Bedroom
 High efficiency electric heat pumps
 Central air conditioning
 Double glazed insulated windows with screens
 Low maintenance vinyl siding
 GE electric stove with range hood
 GE Dishwasher
 Ice maker hook-up
 Washer and dryer hook-up
 Prewired for cable TV and two telephone jacks
 High quality Merillat kitchen cabinets and bath vanities
 Wall to wall carpeting
 Attic storage with disappearing stairway
 Exterior storage room
 One year Home Owner Warranty

Specifications and pricing subject to change October 3, 1997



DOWNTOWN HOUSING
 IMPROVEMENT CORP.
 (919) 832-4345

NER Appropriations Subcommittee
Thursday, November 20, 1997
9:00 a.m. - 1:00 p.m.

1. State Aid to Non-State Entities

- **North Carolina Association of Community Development Corporations**
Rhonda Rainey
Executive Director
- **Institute of Minority Economic Development**
Andrea Harris
President
- **North Carolina Community Development Initiative**
Abdul Rasheed
President/CEO
- **Land Loss Prevention Project**
David Harris
Executive Director
- **North Carolina Coalition of Farm and Rural Families**
Dr. Carolyn Prince
Executive Director
- **North Carolina Minority Support Center**
Linwood Cox
Executive Director

2. Discussion of December agenda

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Natural & Economic Resources

November 20, 1997

Name of Committee

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS[illegible]

**The North Carolina Association of Community
Development Corporations
Report to Appropriations Subcommittee on Natural and Economic Resources
November 20, 1997**

Community-based development corporations play a vital role in strengthening community economic development initiatives in underdeveloped communities across North Carolina. To be successful, and to sustain such important work, CDCs need to become strong, well-managed, self-sustaining organizations who work in collaboration with other community-based organizations and CED partners throughout the industry. This work is strengthened by support from a statewide organization that understands their work, issues and challenges and provides training, technical assistance and general organizational support. This is the role the North Carolina Association of Community Development Corporations (NCACDC) plays.

Overview of Support Services

NCACDC works with all CDCs throughout the state--new, emerging, mature, and conceptual--providing an array of program support services from which CDCs can choose. In 1996 we performed an industry-wide needs assessment of CDCs in North Carolina to help us determine training, development, and resource needs, as well as to identify real estate development projects planned by CDCs for the next five years. The assessment was developed into a comprehensive document that has guided our work over the past twenty four months. This was followed by a survey of the industry which provided us with much needed information about CDC projects, activities, organizational structure, geographical scope, staff size, etc.

NCACDC's programs and services fall into four general categories: 1) organizational and CDC staff development; 2) information and resource dissemination; 3) public policy initiatives; 4) predevelopment lending. NCACDC ---

- serves as an information clearinghouse for CDCs;
- provides consultation and training to CDC staff and boards of directors in areas of organizational and project development;
- sponsors a semi-annual Management Institute which provides development opportunities for staff in areas such as grant writing, accounting and staff management;
- operates a Resource Library for CDCs;
- sponsors an annual Community Economic Development Conference;
- administers an industry-wide Health, Life, Dental and Disability Benefits Program for CDC employees;
- provides technical assistance and consultation to CDCs on real estate projects;
- offers real estate development and related trainings;
- manages an Equity and Predevelopment Loan Fund;
- operates a Technology Project designed to promote the use of and access to technology and on-line resources;
- sponsors a 110 hour real estate development training course for new CDC practitioners;

- operates a Church and CDC Project designed to promote the involvement of faith-based institutions in CED;
- operates a Legal Assistance Program which provides free legal assistance to CDCs.

Some of these initiatives are more fully described on page four. Also, brochures about many of these programs are included in your information packet along with a copy of "NCACDC Highlights-1996". We are currently preparing "NCACDC Highlights-1997" which will be available at the end of the year.

NCACDC Members

Since its incorporation in 1989, no other organization in this state has served the CDC community in the way NCACDC has. In fact, what was started as an 11 member organization in 1989 is currently a 50 member organization, having experienced an approximate 55% increase in membership over the past twenty-four months. This membership increase can be attributed to the growth in the outreach and services of NCACDC, the overall added value of the organization to the members, and the overall growth of the industry. Membership is diverse and includes large and small as well as rural and urban-based community-based, non-profit CDCs and partner organizations. Most of our CDCs are concentrated in the eastern part of the state, but as the enclosed map shows, are represented in every region in North Carolina.

NCACDC Governance

NCACDC is governed by a Board of Directors at least two-thirds comprised of CDC practitioners. One-third of the Board is comprised of directors of organizations whose work is also community economic development focused. The board is 14 members strong, and again, has representatives from new, mature, urban, rural, large and small CDCs. The Board meets quarterly with committee meetings between full Board sessions.

NCACDC Staff

NCACDC is staffed by five employees, four full-time and one part-time. Positions include President and CEO; Loan Fund Manager; Church and CED Project Manager; Fiscal Officer/Insurance Administrator; and Administrative Assistant. Job descriptions for each of these positions are on page six. Because our staff is small, all staff members have responsibilities for substantive program work including membership services and program development. The job descriptions provided help to clarify these multiple staff roles.

Plans for 1998

In addition to continuing and enhancing our current activities, programs, and resources, particularly in the area of public policy, some of our plans currently identified for 1998 include:

- completion of our organizational strategic planning process which began this month;
- publication of CDC Profiles, which will be a comprehensive CDC directory that contains general information about each organization (staff size, geographic scope, etc), current real estate projects, current organizational programs, organizational partners, etc;
- publication of A Report on the Industry which will provide a history of NCACDC and the CDC movement in North Carolina as well as highlights and information on the current activities and productivity of CDCs.

Some of NCACDC's support services and programs referenced above are more fully outlined below:

1) Organizational and Staff Development

- **Training:** NCACDC provides training and workshops for CDCs on organizational development and capacity building for staff and board members of local CDCs, as well as training related to real-estate development and project planning. We sponsor approximately 5-6 free-standing industry-wide training events per year. In addition to these free-standing events, NCACDC also provides individual training and technical assistance in response to identified needs of individual CDCs at their request. CDCs are also provided with training and development opportunities through sessions offered at NCACDC's Annual Community Economic Development Conference where 12-15 different workshops and trainings are offered. Our largest training event each year is our 110-hour Community Economic Development (CED) Studies Program. This 11 day training event, now in its sixth year, is designed to develop a core of qualified CED professionals in the state who can manage community-based development corporations and produce successful real estate projects. This training event is specifically targeted towards new and emerging CDC practitioners. Some of the training sessions conducted this year include:

1. Managing the Predevelopment Process
2. Project Planning
3. Regional Internet Trainings
4. Legal Issues For CDCs
5. Management Institute
6. CED Studies Program

- **Technology Assistance:** The use of technology is critical to the development of any industry. In order to enhance the use of technology and modern communication by CDCs, NCACDC began its Technology Project by offering 0% loans for two years to CDCs through a partnership with a financial institution for the purchase of advanced computer systems. This has been followed by regional trainings by NCACDC staff on the use of Handsnet, Internet, Internet scholarships, hardware and software grants, and the development of a web page for NCACDC. NCACDC now offers web page development and maintenance for its members and constantly provides information and resources on-line for memberships development. NCACDC offer free space on its web page for members with the goal of creating an industry-wide CED network on-line that will be easy to access by all browsers. This project is rapidly developing.
- **Free Legal Assistance:** In 1996, NCACDC formally launched the Free Legal Assistance Project. With the assistance of pro-bono attorneys in one of North Carolina's leading law firms, NCACDC provides free legal services to participating CDCs. Each participating organization currently receives 15 hours of free legal assistance per year. Expansion of this program is currently underway.

- **Employee Benefits Program:** As part of its membership services, NCACDC administers a fringe benefits package that allows CDCs to provide health, life, dental, and disability insurance at discounted group rates. Approximately 125 individuals from CDCs across North Carolina are covered under this program which helps them attract and retain qualified, professional employees. These services include billing and administration from admission through post-employee separation. We are constantly searching for better, cost effective products and services.

2) Information and Resource Dissemination

- **Information Clearinghouse:** NCACDC serves as an information clearinghouse, publishing quarterly newsletters and news notes and posting information on-line so that CDCs and other interested parties are informed about issues and resources that impact their work. This includes information about funding sources, training opportunities, and public policy updates. Special publications, such as the Guide to Development Consultants, and Welfare Reform: An Information Guide for CDCs and Community -Based Organizations are also published and distributed.
- **Resource Library:** CDCs can access materials and resources through NCACDC's Resource Library. Information contained in the library can also be accessed through NCACDC's Web page. Materials are donated or borrowed, depending upon the nature, and include reference books and updates, resource books, periodicals and other compiled information and referral sources. The library is continually enhanced.

3) Public Policy Initiatives

NCACDC is engaged in public policy initiatives by providing CDCs with information on current policy topics that impact their work. This also involves representing the industry at forums where public policy discussions are taking place and may involve publishing information or sponsoring forums to educate the CDC community on specific issues and to gather feedback from them.

4) Predevelopment Lending

NCACDC manages an Equity and Predevelopment Loan Fund which provides loan capital dedicated to the development of affordable housing, commercial, and industrial development. The fund provides working capital for the early stages of a project, with typical uses being to finance market analysis and feasibility studies, environmental studies, etc. A loan through our Equity and Predevelopment Fund brings with it on-site, individualized technical assistance and consultation related to the real estate project under consideration as well as projects that are planned for the future.

NCACDC Staff Job Descriptions

President and CEO - (Full-time). Represents CDCs at forums, meetings, and events and promotes the CDC industry; coordinates and supervises overall work of NCACDC including management of NCACDC staff and consultants; responsible for fundraising, organizational reporting, and organizational development; responsible for membership program development and management; also provides direct services such as training, consultation and individual technical assistance to CDCs and their Boards of Directors. The President and CEO works directly with Board of Directors and coordinates Board activities. (Salary - \$55,640)

Loan Fund Manager - (Full-time). Coordinates activities of and manages the Equity and Predevelopment Loan Fund; promotes and markets Fund; reviews loan applications and coordinated the work of the Loan Fund Committee; provides project related technical assistance and consultation to CDCs; works with President and CEO on training development and is responsible for training management. The Loan Fund Manager also serves as key staff for some projects. (Salary - \$35,310)

Church and CED Director - (Full-time). Responsible for program design and implementation for The Church and CED Project. Responsible for full range of program management activities including workshops and trainings. The Church and CED Director also serves as key staff person for some projects. (Salary - \$35,000)

Fiscal Officer/Insurance Administrator - (Part-time). Responsible for all fiscal functions, activities and recordkeeping and internal fiscal controls of NCACDC including audit preparation and management. Also responsible for administration and management of industry-wide CDC Life, Health, Dental and Disability benefits Program. (Salary - \$23,400)

Administrative Assistant - (Full-time). Responsible for administrative and clerical functions for organization. Responsible for maintaining organization's files and records. Assists President and CEO in the coordination of all administrative and programmatic functions and activities. Responsible for design, layout and scheduling of all publications. Serves as Coordinator for the Legal Assistance Project which involves case intake, screening, referrals and tracking. (Salary - \$25,128)

THE NORTH CAROLINA ASSOCIATION OF COMMUNITY DEVELOPMENT CORPORATIONS, INC.
 REVENUE AND EXPENSE STATEMENT
 JANUARY 1, 1996 THROUGH DECEMBER 31, 1996

	1996 BUDGET	1996 ACTUAL
Revenue		
REDC	150,000	150,000
Other Program Funds	234,301	255,504
Total Revenue	384,301	405,504
Expenses		
Personnel		
President/CEO	52,000	52,226
Support Staff	125,000	78,162
Total Salaries	177,000	130,388
Fringe Benefits	44,250	24,414
Total Personnel	221,250	154,802
Indirect/Non-Personnel		
Rent/Utilities	5,991	4,387
Equipment Lease/Maint	5,000	3,354
Office Supplies/Misc	7,000	7,082
Dues, Subscriptions, Ref.	2,500	3,621
Postage/Delivery, Equipment	5,000	4,018
Telephone	13,000	7,444
Capital Additions	7,500	6,187
New Office Buildout	25,000	22,478
Moving Costs	1,200	792
Total Indirect	72,191	59,363
Direct/Non-Personnel		
Staff Training & Development	3,900	3,105
Other Member Training	5,000	1,198
CED Studies	3,000	2,317
Annual Conference	17,000	24,712
Printing	5,960	6,711
Staff Travel	5,000	3,793
Automobile Lease	5,000	4,417
Board Expenses	4,000	2,398
Prof. Services/Consultants	20,000	19,855
Insurance/Bonding	6,000	2,524
Audit	6,000	6,000
Total Direct Non-Personnel	80,860	77,030
Total Direct & Indirect	153,051	136,393
Total Expenditures	374,301	291,195
Fund Balance	10,000	114,309

THE NORTH CAROLINA ASSOCIATION OF COMMUNITY DEVELOPMENT CORPORATIONS, INC.
REVENUE AND EXPENSE STATEMENT
JANUARY 1, 1997 THROUGH OCTOBER 31, 1997

	1997 BUDGET	1997 ACTUAL
Revenue		
REDC	150,000	120,000
Other Program Funds	235,884	248,699
Total Revenue	<u>385,884</u>	<u>368,699</u>
Expenses		
Personnel		
President/CEO	55,640	46,368
Support Staff	124,310	67,681
Total Salaries	179,950	114,049
Fringe Benefits	37,200	28,512
Total Personnel	<u>217,150</u>	<u>142,561</u>
Indirect/Non-Personnel		
Rent/Utilities	2,500	0
Equipment Lease/Maint	2,000	1,831
Office Supplies/Misc	7,500	6,085
Dues, Subscriptions, Ref.	2,650	2,546
Postage/Delivery, Equipment	5,000	2,317
Telephone	7,000	6,983
Capital Additions	2,500	0
Total Indirect	<u>29,150</u>	<u>14,935</u>
Direct/Non-Personnel		
Staff Training & Development	5,000	3,067
Other Member Training	7,500	3,895
CED Studies	25,000	26,547
Annual Conference	20,000	5,009
Printing	8,000	3,602
Staff Travel	5,000	5,434
Automobile Lease	5,500	4,456
Board Expenses	4,000	1,643
Prof. Services/Consultants	30,000	8,765
Insurance/Bonding	6,000	4,119
Audit	7,500	7,128
Total Direct Non-Personnel	123,500	73,666
Total Direct & Indirect	<u>152,650</u>	<u>88,601</u>
Total Expenditures	<u>369,800</u>	<u>231,162</u>
Fund Balance	<u>16,084</u>	<u>137,537</u>

Community Development Corporations, Inc.
State Funding Allocations
January 1, 1996 through December 31, 1996

	1996 State Allocation	% Of Total Annual Budget
Revenue		
REDC	150,000	39.03%
 Expenses-State Allocation		
President & CEO	31,200	60.00%
Loan Fund Manager	33,000	100.00%
Fiscal Officer/Benefits Admn.	18,846	75.98%
Admn. Assistant	7,538	30.00%
Equipment Lease	2,000	40.00%
Office Supplies	3,500	50.00%
Postage	4,018	80.36%
Telephone	7,444	57.26%
Staff Training	2,000	51.28%
Other Member Training	1,198	23.96%
CED Studies	2,317	77.23%
Annual Conference	9,000	52.94%
Printing	3,795	63.67%
Staff Travel	4,528	90.56%
Professional Services/Consultants	13,616	68.08%
Audit	6,000	100.00%
 Total	 150,000	 64.99%

CDCs in North Carolina

Community Development Corporations (CDCs) in North Carolina date back to the late sixties and early seventies, paralleling the development of CDCs nationally. Most, however, have more recent beginnings, with 1988 being the model year for CDC formation in the state.

Nathan Garrett, a veteran practitioner of community economic development activity in North Carolina, recalls that in 1963, the Z. Smith Reynolds, Mary Reynolds Babcock and Ford Foundations provided monies to establish the North Carolina Fund. The purpose of this organization, headed by George Esser, was to "break the cycle of poverty" that was plaguing many of North Carolina's residents. Around 1967, there was racial tension within the Fund regarding funding distribution. The Fund was financing seven community action programs in the state. Howard Fuller, who was then heading the Fund, wanted to finance some organizations that were controlled by African-Americans. There was assistance by the Fund's Board of Directors prompting the African-Americans on the staff

to leave and to form the Foundation for Community Development (FCD). The Foundation, headed by Nathan Garrett, provided funds to low-income groups and focused on issues such as infrastructure, housing, economic development, and the distribution of wealth in the African-American community. Among those earlier groups funded by FCD were the Wilson Community Improvement Association (1973) and United Durham, Incorporated (1973), predecessor of the existing UDI, Incorporated. It is now uncertain how many minority-controlled CDCs there are in the state.

FCD eventually went out of business because, in Garrett's words, "it wanted to be a CDC rather than the developer of CDCs." Subsequently, the Local Initiatives Support Corporation (LISC) funded an attempt to do what FCD had done, but that initiative was short lived.

In the early eighties, North Carolina Legal Services launched new efforts to "get people excited about self-help," says then CDC Association

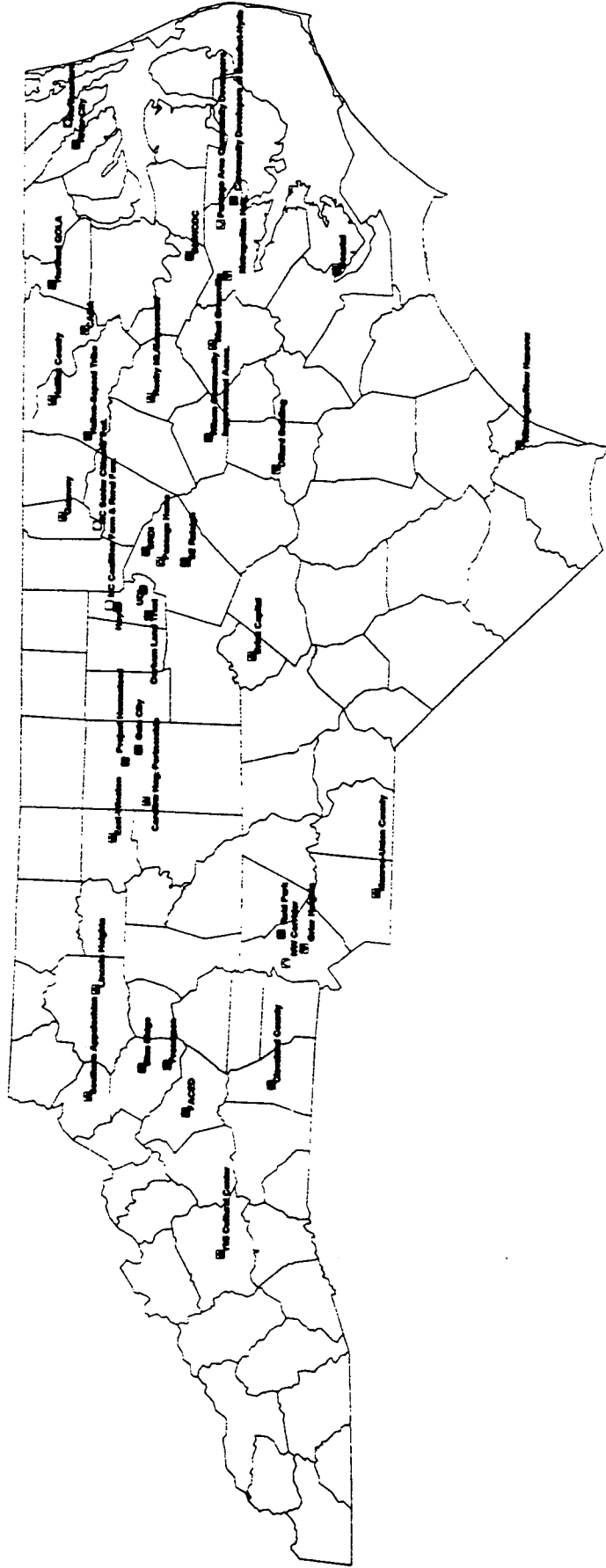
Director, Abdul Rasheed. In 1981, Legal Services decided to devote one-quarter of its Resource Center budget to community economic development advocacy and training. The mission was to revitalize and help build the capacity of local organizations to do community economic development.

In 1985, Legal Services and LISC formed a partnership around community economic development in Eastern North Carolina. LISC selected Eastern North Carolina as a site for a rural initiative, testing models that had been developed in urban areas in the Northeastern United States. Funds were provided to do 16 community economic development training workshops, four in each of four counties over a three-month period. This effort stimulated community interest, but more training was needed.

In October 1985, Legal Services filed the State's first challenge under the Federal Community Reinvestment Act (CRA) of 1976. This challenge was against First Union National Bank. Subsequent challenges were filed against Wachovia

NC ASSOCIATION OF CDC'S, INC.

Member Community Development Corporations



North Carolina Association Of Community Development Corporations
1996 Program Highlights
"A Time to Build"

- NCACDC performed an in-depth needs assessment of CDCs in North Carolina to determine training and development needs as well as to identify development projects currently underway and those planned for the next five (5) years. This information helped us plan our training calendar and assess the need for technical assistance across the state. This assessment also helped us gauge the demand for equity and predevelopment dollars through our Equity and Predevelopment Loan Fund. Also through this assessment we were able to assess the strengths and weakness of the loan fund to determine how it might better meet the needs of CDCs. This needs assessment was developed into a comprehensive document that has guided much of our work over the past year.
- NCACDC has also been engaged in greater outreach to non-member CDCs across the state. The number of CDCs in North Carolina has increased significantly over the last two (2) years, and the goal of this outreach and marketing was to bring unaffiliated CDCs into the CDC network for the purposes of organizational growth and development as well as to broaden the base of NCACDC membership. Membership in NCACDC increased in 1996 by 15%.
- Activity in NCACDC's Equity and Predevelopment Loan Fund increased in 1996. We attribute this surge of activity to the needs assessment referenced above, increased technical assistance by NCACDC in the area of predevelopment, and overall marketing of our Fund. Over \$90,000 was lent to CDCs for predevelopment during the year.
- NCACDC conducted training, workshops, and roundtables during the year on various subjects. Some of these include: Organizational Development, Fiscal Management, The Role of CDCs in Business Devilment, The Role of CDCs in Childcare (Statewide Comprehensive Childcare Workshop), Market Analysis, Feasibility Study Preparation, The Development Process, CDC Management. We also held our Annual Statewide Community Economic Development Conference where approximately twelve (12) workshops and training sessions were offered CDC participants.
- The Guide to Development Consultants was also a project of NCACDC during the year. This comprehensive directory was published to assist CDCs across the state with the selection of development professionals who have experience working with CDCs and who have a strong background in community economic development. The directory includes attorneys, developers, architects, accountants, consultants, and other professionals. It provides detailed information regarding each professional or firm represented as well as a guidelines for selecting professionals and consultants.

- In order to enhance the use of technology and modern communication by CDCs, NCACDC offered loans to CDCs at zero percent (0%) interest over two years to purchase computer and printer packages. This was offered through a partnership between NCACDC and Centura Bank. In addition, NCACDC provided regional training to its membership on the use of Handsnet and is now planning to launch a new Technology Project set for 1997. This Project will include Internet Scholarship for CDCs and Internet Training and the development of a home page for NCACDC.
- NCACDC also published newsletters and newsnotes concerning statewide and national CED updates, local CDC news, and technical information for CDCs.
- The Free Legal Assistance Project was developed during the year as well. With the assistance of pro bono attorneys in one of North Carolina's leading law firms, NCACDC has been able to provide free legal assistance to participating CDCs. This assistance ranges from simple legal consultations to more complex legal representation. The attorneys participating in the program are experienced in working with CDCs as well as in all aspects of development.

For more information contact NCACDC, P.O. Box 26208, Raleigh, NC 27611.
(919) 835-6070 phone
(919) 831-9728 fax

316 W. Edenton St. • 2nd Floor, Suite B



PO Box 27806 • Raleigh, NC 27611

**Report to
Joint Appropriations Subcommittee
on
Natural & Economic Resources**

November 20, 1997

Attachment A

Report To

Joint Appropriations Subcommittee

on

Natural and Economic Resources

November 20, 1997

Organizational Summary

History

The NC Institute of Minority Economic Development was established in response to recommendations of the NC Department of Commerce to address the emerging uneven growth across regions and populations. Various state and local agencies recognized the growing void in data and information on limited resource communities. In addition, a limited knowledge base existed on minority owned business enterprises (MBEs), while increasing demands were being made for support and assistance.

At the recommendation of the Secretary of the NC Department of Commerce (former Secretary Lauch Faircloth, the Chancellor of the University System (former President Bill Friday), and deans of the various business schools, the Institute was established as a non-profit organization. The Z. Smith Reynolds Foundation provided the first planning grant in 1986 and, with the support of the NC General Assembly, the agency became operational in 1988.

As the state turned to the non-profit community for support and assistance to emerging minority owned enterprises, the Institute evolved into a hub for assistance to this sector of the business community. In 1992, the Institute was charged with the responsibility of conducting the first statewide survey of MBEs and implementing a process to track growth and development. Further, given limited resources statewide, the Institute also became the focal point of support and technical assistance in addressing unique challenges and opportunities for economic growth and development not viewed as the responsibility of any other agency.

Vision and Mission

The vision of the Institute is to create an environment in which the diversity of the state's population is valued and engaged as a productive contributing sector. The mission of the organization is to strengthen the asset base among limited resource sectors of the population as a means of building economically vibrant and socially responsible communities.

Governance

The Institute is governed by a fifteen member board of directors. Board composition is diverse and representative of key stakeholders committed to building resources among low-wealth sectors of the population. It is reflective of the corporate, academic, foundation, small business, public, and non-profit sectors. The board meets on a quarterly basis and is currently engaged in a strategic planning and development process.

Administration

The administrative core of the agency is intentionally small. Four individuals comprise the administrative team - President, Vice-President for Administration/Development, Fiscal Officer, and Administrative Assistant. While each devotes some time to programmatic responsibilities and support, they are all classified as administrative given their general position titles and administrative duties.

Programmatic Description

The Institute's programmatic thrust is multi-disciplinary as sustainable economic development must be comprehensive. Three divisions exist within the agency. They are - 1) Research, Data, and Information; 2) Business Development; and 3) Demonstration Initiatives. To increase the asset base among limited resource populations balanced information is necessary to support informed decisions. Entrepreneurship builds the asset base while creating and retaining jobs. Given the state's uneven growth, new approaches must be explored to create quality jobs, develop a skilled work force, and build local level capacity that supports both job creation, business development and a healthy local economy.

Research, Data, and Information

The Institute maintains a core of three research, data, and information staff. From time to time, this work is supplemented with Institute Fellows (doctoral students) and other graduate interns.

Research, Data, and Information activities are grounded within providing data and information critical to informed decision-making. A demographic resource center exist to provide the general public with specific information unique to or about low-wealth and minority populations. Requests are filled from the public at-large for special analysis or demographic data sets needed to respond to needs in a particular community or to appropriate plan.

In addition, this component of the agency has established a demographic base to track the growth and development of minority and women owned enterprises, as well as to assess barriers and needs. It is the only such statewide information base known in the country.

Special analysis are undertaken to determine the health of particular industries within the minority/women business enterprise (M/WBE) community. Recommendations are offered to industry representatives to enhance the health of the respective industry. Further, assistance is provided in conducting industry analysis to support specific technical assistance to individual firms.

Workshops and training are provided to enhance the overall knowledge base of trends and patterns among various population sectors at the regional, local, or neighborhood levels, as well as statewide. A website is currently being developed to increase access to information, as well as to lower the overall cost of printing and publication.

Business Development

The business development team (BDT) is comprised of ten individuals. The Vice-President for Business Development is the former director of the state's Minority Business Development Agency and has over twenty years of experience in minority business development. A secretary/receptionist provides clerical and program support to the business development team. The remaining staff are all business development consultants. While serving as full time staff of the Institute, five were recruited by the Kenan Institute for Private Enterprise as part of the Urban Enterprise Corps (UEC) and assigned to the Institute. Two are former members of the UEC.

Business development activities are based within the need for direct quality technical assistance to small firms, particularly minority and women owned enterprises. As these firms often face unique challenges, assistance has been structured at two levels, as well as in one industry specific area.

Minority Technical Assistance Program (MTAP)

MTAP is a comprehensive business development strategy targeting MBEs that have attained a successful level of growth, but whose continued growth and profitability are at risk. The MTAP process is a 9-12 month intensive engagement that involves three phases of work which include - 1) organizational audit; 2) industry analysis and strategic planning; and 3) the implementation of the strategic plan.

General Managerial Assistance (GMA)

GMA assistance is designed for firms seeking specific project assistance. Assistance is generally for a period of 1-2 months. Project assistance includes- building financial reporting systems, strategic planning assistance, market analysis, strengthening operations, managing human resources, and identifying potential financing.

Minority Construction Technical Assistance Program (MCTAP)

MCTAP was created to address the unique issues faced by firms in the construction industry. Central to the success of MCTAP is providing contractors with access to project opportunities by serving as a conduit to market opportunities. Technical assistance includes basic booking, accounting and cost management specific to the construction industry, as well as training in computer based spreadsheets.

Coupled with the above is an on-going process of building relationships between MBEs and public/private sector procurement officials. With the assistance of the research, policy, information staff, requests are filled from private sector corporations and others interested in sharing market opportunity information with MBEs. Several corporations are critical partners in the business development activities.

Demonstration Initiatives

Demonstration initiatives are targeted to building capacity to support economic development activity at the local level. Support is generally provided in the form of grants in areas in which identifiable opportunities and partnerships exist to enhance entrepreneurship and/or sustainable quality job creation and enhancement. Given limited resources, the Institute responds to specific requests where there are identifiable local partners to sustain activity longer term; that fill a short term void that may yield immediate impact/results; and where there is an absence of support to jump start the initiative or respond to a crisis. Support is generally one time and may range from \$2500 to \$100,000, dependent upon the potential impact of the initiative.

NCIMED 1996-1997 Productivity Summary

- ▶ Provided information, training, and resource development support to approximately 381 businesses;
- ▶ Provided technical assistance to 90 businesses totaling 4861 hours of technical assistance;
- ▶ Sustained or increased MTAP business clients sales of \$16,180,000;
- ▶ Created or retained 221 jobs among MTAP clients;
- ▶ Established partnership with major financial institution for \$3,000,000 in lending to MBEs;
- ▶ Assistance in successfully packaging \$1,357,000 in loans for small firms;
- ▶ Provided GMA to 9 non-profits engaged in entrepreneurial initiatives;
- ▶ Conducted second statewide survey of over 500 minority and women-owned enterprises with return rate of over 20%;
- ▶ Established data base (by race) of social/economic indicators for Carolinas Partnership Region and completed regional trend analysis; *(Note: Completion of all seven regions will result in most comprehensive county and urban center data base in state)*
- ▶ Published and distributed over 100 copies of minority self-employment study;
- ▶ Initiated partnership and provided money management/credit counseling to 2,824 individuals;
- ▶ In partnership with City of New Bern, initiated revitalization of distressed crime ridden historical underdeveloped business district;
- ▶ Provided technical assistance and served as liaison between state agencies and town of Princeville - completing strategic plan for Town of Princeville; and
- ▶ Provided special demographic assistance in 60 communities.

**Cumulative Productivity Summary
&
Fiscal Year 1997/98 Projections**

Activity	Cumulative Thru 1995/96	Productivity 1996/97	Projected 1997/98	Estimate Total Thru 1998
Total of MBEs receiving technical assist.	4,050	90	300	4,440
Technical Assistance to non- profits	193	9	12	214
Total technical assistance hours	-	4,861	10,000	14,861
Workshop/Train- ing	7,350	381	600	7,731
Data and Infor- mation Analysis	120	60	60	240
M/WBE Contracts/Sales	\$100,000,000*	\$16,180,000	\$ 20,000,000	\$ 136,180,000

Impact of MTAP on NC Tax Structure

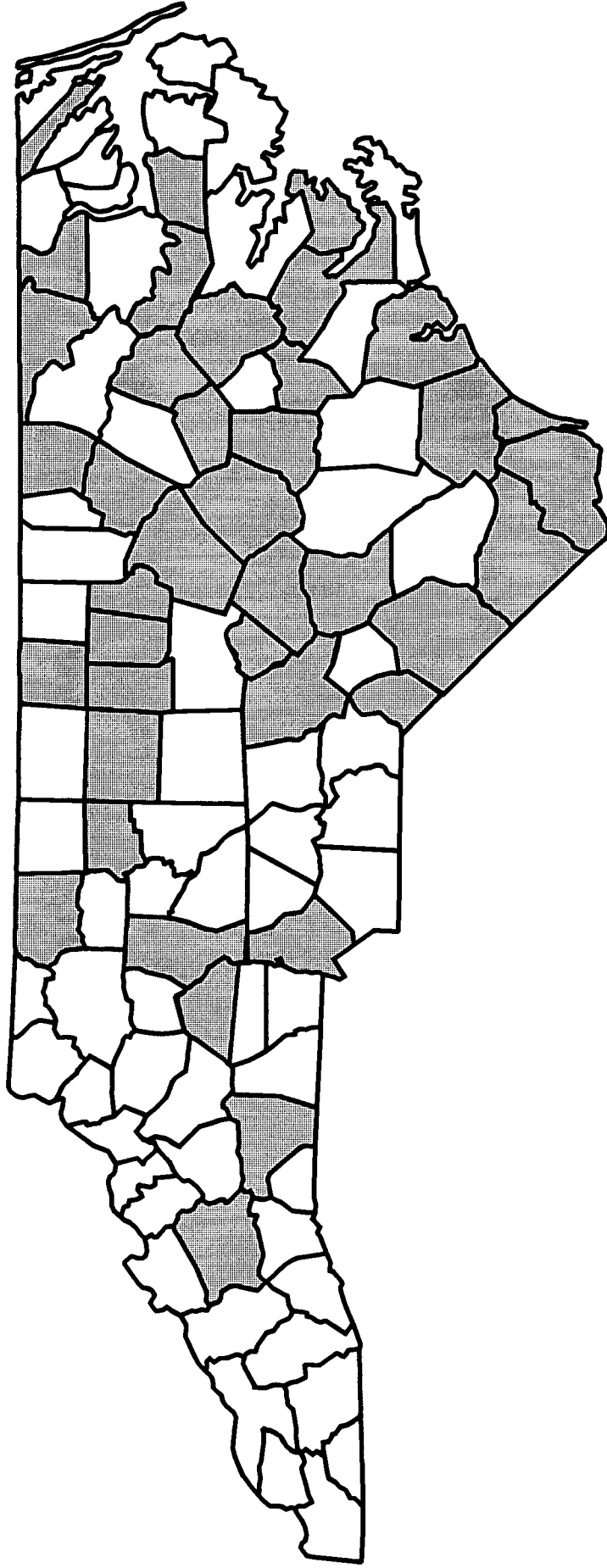
(Analysis of MTAP June 30 Client Sample during the Year July, 1996 - June, 1997)

Client	1997 State Uemployment Tax	1997 Income Tax Withholding	Total Tax Paid to NC
Home Health Care Agency	\$ 13,824.00	\$ 59,520.00	\$ 73,344.00
Tools Distributor	4,917.74	21,173.67	26,091.41
Air Filter Distributor	2,839.66	12,226.32	15,065.98
Contract Manuf (Raleigh)	2,863.53	19,841.00	22,704.53
Computer Supply Distributor	8,319.29	35,819.18	44,138.48
Contract Manuf. (Charlotte)	13,689.34	58,940.22	72,629.56
Safety Products Distributor	780.73	3,361.49	4,142.22
Total Tax Impact			\$258,116.18

These numbers are based on the companies performance of the first nine months of 1997. These numbers better reflect the impact on NC taxes than do the 1996 actuals since each of the companies has grown significantly over the past year.

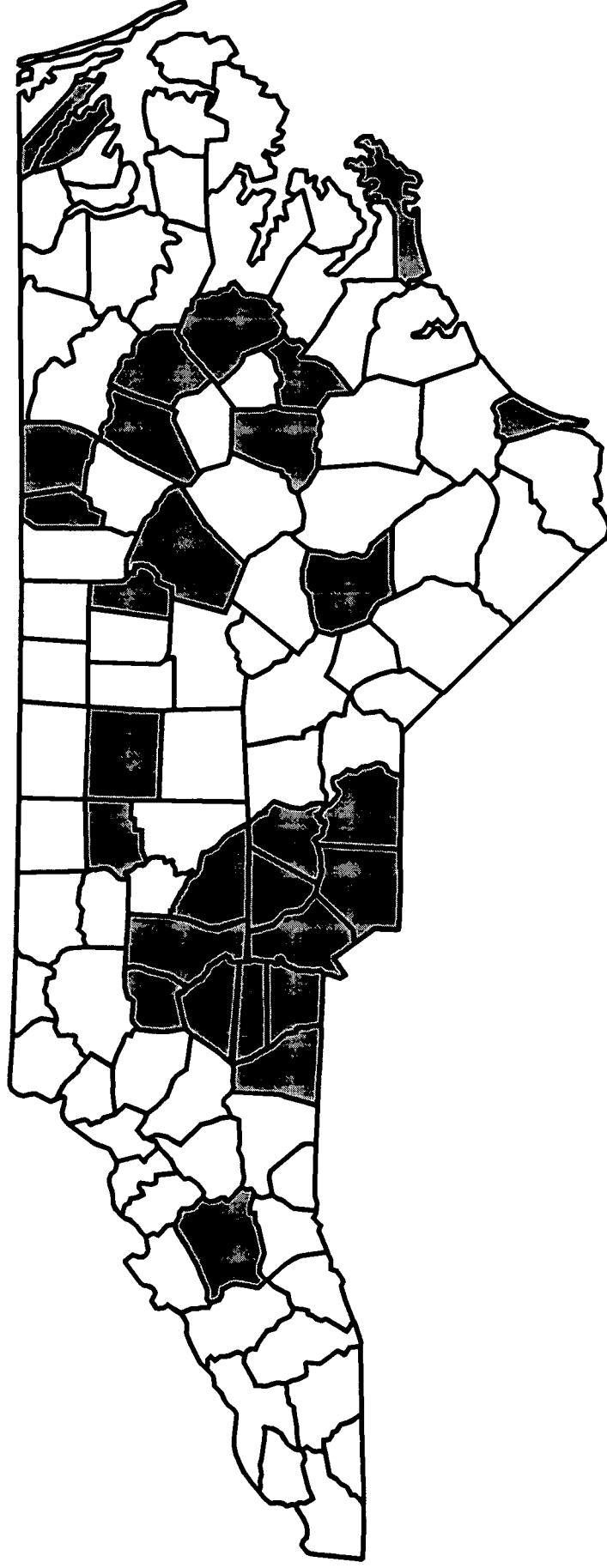
Please note: The corporate income tax applies to companies whose net income levels far exceed those of the companies with whom we work. It is therefore not made applicable to this analysis.

Business Development Activity



North Carolina Institute of Minority Economic Development

Specialized Data Collection and Analysis



North Carolina Institute of Minority Economic Development

**1997/98 Work Plan
Summary Projections**

- **Provide technical assistance to at least 300 M/WBEs to build capacity for profitability, sustainability, and job creation and retention;**
- **Assist M/WBEs through provision of at least 10,000 in direct assistance through MTAP, GMA, and MCTAP;**
- **Support and enhance retention of sales and new sales for M/WBEs of at least \$20 million;**
- **Provide technical assistance that will support the creation or retention of at least 300 jobs;**
- **Gather and analyze data providing information to at least 60 communities, firms, or organizations requesting information;**
- **Design and conduct training for at least 600 M/WBEs in state;**
- **Host forum with key planners and community economic development leaders to discuss results of Carolinas Partnership regional analysis and explore options for addressing growing uneven economic growth;**
- **Seed at least three satellite partnerships to build sustainable local capacity to address entrepreneurial assistance and support within low-wealth communities;**
- **Host at least one statewide symposium to explore options to reverse increasing economic and social isolation in urban centers, particularly within a jobs strategies context;**
- **Seed at least one employer driven construction trades training program in depressed rural region;**
- **Provide credit counseling to at least 3000 individuals through private sector partnership;**
- **Build partnership to foster the establishment of at least one labor intensive commercial development in a depressed community through community based/private sector partnership;**
- **Publish journal to expand knowledge base of economic/social challenges and opportunities in limited resource communities through partnership with NCCU.**

**Business Development Team
MBE Training Schedule**

Fiscal Year 1997/98

Quick Books - Accounting for Small Construction Contractors

Robeson County	December, 1997
Mecklenburg County	January, 1998
Rocky Mount/Wilson	January, 1998
New Hanover/Onslow Counties	February, 1998
Goldsboro	February, 1998
Triad Region	February, 1998
Asheville Region	March, 1998

"Show Me the Money" - How to Read Your Bottom Line

Southeastern Region	January, 1998
Metrolina Region	February, 1998
New Hanover/Onslow Counties	March, 1998
Asheville Region	May, 1998

MBE Resource/Information Forums

Wayne Community College	September, 1997
Southeastern Community College	October, 1997
Coastal Community College	October, 1997
Martin Community College	November, 1997
Bladen Community College	November, 1997
Vance-Granville CC	January, 1998
Coastal CC (2nd session)	March, 1998
Halifax Community College	March, 1998
Robeson Community College	April, 1998

	NC Institute of Minority Economic Development, Inc.		
	Joint Appropriations Committee		
	State of North Carolina		
	1997/1998 Contract		
		Project	Projected
		Budget	Expenditure
			Percent
			Total
			Contract
	Total State Contract	1,000,000	1,000,000 100%
I.	PERSONNEL		
	Administrative Support		
	President	20,753	20,753
	VP Programs	5,341	5,341
	VP Administration	23,230	23,230
	Director Research/Policy	4,283	4,283
	Fiscal Officer	22,805	22,805
	Administrative Assistant	14,470	14,470
	Total Administrative Salaries	90,882	90,882 9%
	Fringe Benefits@27%(note 1)	24,538	24,538 2%
	Total Administrative Expenses	115,420	115,420 12%
II.	Expenses		
	Program/Office Expense	21,500	21,500
	Contractual Services	26,000	26,000
	Communications	20,000	20,000
	Travel	28,000	28,000
	Training/workshops	22,500	22,500
	Duplication/Publication/Printing	29,000	29,000
	Subscription/Research Material	15,000	15,000
	Specialized Technical Assistance	26,000	26,000
	Fiscal Consultants	5,000	5,000
	Audit	6,000	6,000
	Insurance/Bonding	8,000	8,000
	Equipment/Lease/Maintenance	15,000	15,000
	Storage	1,500	1,500
	Staff/Professional Development	5,200	5,200
	Board Expense	1,200	1,200
	Rent	32,244	32,244
	Total Expenses	262,144	262,144 26%
III.	Programatic Activity		
	Personnel		
	2-Research & Policy Associates	65,000	65,000
	VP Business Development	28,073	28,073
	VP Administration	12,771	12,771
	5-Business Development Consultants	130,831	130,831
	Institute Fellow	18,800	18,800

Director Research/Policy Development	38,552	38,552	
Program Secretary	21,840	21,840	
Total Programatic Salaries	315,867	315,867	32%
Fringe Benefits@ 27%(note1)	85,284	85,284	9%
Total Programatic	401,151	401,151	40%
Grants	221,285	221,285	22%
Total	1,000,000	1,000,000	100%
(Note 1) Fringe Benefits Consist of:			
FICA			
State Unemployment			
Health/Dental Insurance Insurance			
Life, long Term Disibility, AD&D			
Retirement			

NC Institute of Minority Economic Development, Inc.					
July 1996-June 30, 1997					
Budget Analysis Report					
		% of Total			% of
Revenue Sources	State of NC	State Funds		Total Budget	State Funds to Budget
State of NC	780,000			780,000	
Other				484,004	
Total Revenue	\$ 780,000	100.0%		\$ 1,264,004	61.7%
Expenses:					
President	17,035	2.2%		17,035	100.0%
Support Staff	58,437	7.5%		86,697	67.4%
Salaries	\$ 75,472	9.7%		\$ 103,732	72.8%
Fringe Benefits	87,662	11.2%		103,364	84.8%
Total Personnel	\$ 163,134	20.9%		\$ 207,096	78.8%
Indirect :					
Office supplies	7,639	1.0%		13,578	56.3%
Equipment purchase/lease/Maint.	17,018	2.2%		19,070	89.2%
Rent	14,234	1.8%		20,750	68.6%
Phone/Fax/Postage	46,692	6.0%		47,489	98.3%
Relocation/Storage	6,705	0.9%		8,607	77.9%
Total Indirect:	\$ 92,288	11.8%		\$ 109,494	84.3%
Direct:					
Institute Fellow		0.0%		13,515	0.0%
Credit Counseling		0.0%		9,000	0.0%
Demonstrative Initiatives	38,321	4.9%		38,321	100.0%
Special Project/Research Consultants	88,037	11.3%		116,281	75.7%
Specialized Technical Assistance	13,832	1.8%		20,592	67.2%
Fiscal Contract	7,772	1.0%		11,008	70.6%
Accounting Audit	4,313	0.6%		5,750	75.0%
Insurance/Bonding	6,785	0.9%		9,840	69.0%
Travel	32,851	4.2%		44,932	73.1%
Training/Workshops	13,251	1.7%		14,136	93.7%
Publication/Printing	48,964	6.3%		49,066	99.8%
Subscription/Membership/Research M	9,372	1.2%		9,372	100.0%
Development Consultants	14,242	1.8%		14,242	100.0%
Other Support Service	9,043	1.2%		9,043	100.0%
Depreciation	15,143	1.9%		15,143	100.0%
Total Direct	\$ 301,926	38.7%		\$ 380,241	79.4%
PROGRAMMATIC SUPPORT	222,652	28.5%		476,281	46.7%
Total Expenses	\$ 780,000	100.0%		\$ 1,173,112	66.5%

Position	Salary
President	\$ 65,506
Fiscal Officer	30,406
Administrative Assistant	28,940
Vice-President for Administration	46,459
Vice-President for Business Development	53,414
Program Secretary/Receptionist	21,840
Research/Policy Associate	36,000
Research/Policy Associate	29,000
Business Development Consultants (3)	35,000
Business Development Consultants (2)	40,000
Business Development Consultant	41,600
Business Development Consultant	42,831
Business Development Consultant	36,400
Director of Research, Data, and Information	42,835

President

Position Qualifications:

Must have demonstrated administrative and management experience. Successful program development and implementation history required. Undergraduate degree required, graduate degree in public policy, planning, or business administration preferred. Fundraising and grants management experience required. A minimum of three years prior working experience as director of non-profit, or in key position in a business development or community economic development setting. Ability to work with diverse populations. Willing to travel statewide. Good communications, conceptual skills, as well as understanding of economic and social challenges confronting limited resource populations.

Position Description:

This position is directly responsible to the board of directors. The president is responsible for the overall administration of the day to day operations of the agency. This position is responsible for the following:

- 1) Design and implementation of systems of internal controls to assure fiscal safety and soundness, as well as adherence to all applicable federal, state, and local laws, and regulations;
- 2) Development and implementation of initiatives that build the asset base among limited resource sectors of the population;
- 3) Development and implementation of initiatives that address the overall mission of the agency;
- 4) Build public/private partnerships and coalitions to sustain economic activity, particularly entrepreneurial activity among limited resource populations;
- 5) Planning and evaluation of agency programs and operations, as well as implementation of on-going systems to build internal organizational capacity;
- 6) Development of funding proposals and activities to assure continued operations of agency;
- 7) Serve as staff to the board of directors and assure implementation of all board policies and decisions;
- 8) Supervise agency staff and make recommendations to board of directors regarding personnel, as well as personnel policies and procedures;
- 9) Represent agency to public and promote productive partnerships.

Administrative Assistant

Position Qualifications: Must have high school diploma/equivalency, associate degree preferred. Must have minimum of three years work experience as an office manager, administrative assistant, or lead clerical support staff. Good communications skills and ability to work with diverse populations. Above average office equipment knowledge and experience. Must have good computer skills and knowledge of word processing programs. Must type at least 75 wpm. Willing to work extended days and weekends.

Position Requirements: This position is directly responsible to the president and provides administrative support to the agency's administrative team. The position is directly responsible for the following:

- 1) Maintain appointments calender and assist in scheduling for president;
- 2) Answer a multi-line telephone and direct phone calls to appropriate staff or make appropriate referrals;
- 3) Prepare all purchasing requisitions and oversee all orders for office and program supplies in coordination with the Fiscal Officer;
- 4) Assist in travel arrangements for the administrative staff, when needed and maintain appropriate travel logs and information;
- 5) Work directly with printers and oversee all printing projects;
- 6) Work in close coordination with the Secretary/Receptionist in sharing duties of answering the telephone, coverage during lunch breaks, and absences;
- 7) Assist in preparing documents and recording minutes for board of directors;
- 8) Coordinates scheduling of board of directors meetings; and
- 9) Prepare reports, assist in workshop, training, forum preparation and arrangements, and
- 10) Fulfill other administrative support functions as needed.

Research, Data, and Information Program Director

Position Qualifications: Experience in research and policy analysis required. Must have graduate degree in public policy, planning, business administration or economics. Demonstrated statistical skills and knowledge of statistical software/programs. At least two years experience in research/policy required. Must be willing to work extended days and weekends. Experience in working with diverse populations preferred. Above average knowledge of computers. Prior leadership experience in business development or research and policy required.

Position Requirements: The Vice-President for Research is directly responsible to the President. The position is responsible for the fulfillment of the following:

- 1) Overall management, reporting, and planning for the Research, Data, and Information Program;
- 2) Provides leadership to RDI team in the design of data collection methods and implements quality systems to assure project integrity;
- 3) Establish systems designed to collect reliable, accurate data on a range of subjects directly related to socio-economically challenged constituency groups;
- 4) Execute qualitative analysis of subject data and make policy recommendations as required;
- 5) Plan and conduct forums, roundtable discussions, or workshops to enhance the knowledge base of key stakeholders;
- 6) Prepare special reports and assure dissemination to appropriate audiences;
- 7) Establish and manage demographic data resource initiative and assure prompt and accurate responses to external requests for data and information related to the subject matter;
- 8) Establish a detailed work plan and time table for publication of reports;
- 9) Supervises research, data, and information team.

Vice President For Administration

Position Qualifications:

Strong administrative skills and demonstrated management experience required. Must have bachelor's degree, master's preferred. A minimum of three years administrative or program management experience required. Excellent oral and written communication skills with ability to communicate effectively with a diverse population. Some experience in grant writing, management, or administration preferred. Must be willing to work extended days and weekends. Willing to travel statewide.

Position Requirements:

The Vice-President for Administration is directly responsible to the President and provides administrative staff support and leadership throughout the organization. This position is responsible for the following:

- 1) Assist the President in establishing and implementing agency goals and objectives consistent with Board policy and priorities;
- 2) Recommend revisions or new administrative policies, plans and procedures, and prepare drafts;
- 3) Assure strong internal controls and management and fulfill such responsibilities where needed or assigned;
- 4) Track agency planning, program implementation, and benchmarks;
- 5) Assist in preparation of reports to funding sources, as well as board of directors;
- 6) Develop strategies to diversify agency funding and assist in implementing respective strategies;
- 7) Prepare grant applications or provide assistance in application development;
- 8) Oversee administrative management of special projects and demonstration initiatives; and
- 9) Present or assist in preparation of information for program/project presentations, workshops, and training.

Fiscal Officer

Position Qualifications:

Bachelors degree in accounting or finance or a minimum of five (5) years experience in booking or accounting. Knowledge of public sector and foundation grant requirements, laws and regulations. Must have no criminal history. Must be willing to work extended days and weekends. Must have good communications skills and ability to work with diverse populations.

Position Requirements:

The fiscal manager is responsible to the President and works in partnership with the administrative team. This position is responsible for the following;

- 1) Fulfill all bookkeeping/accounting responsibilities in accordance with agency policies and all applicable federal, state, and local laws, rules, and regulations;
- 2) Prepare agency payroll data for payroll service and make appropriate vendor payments;
- 3) Prepare financial reports for funders and for use by agency board and staff;
- 4) Monitor agency expenditures and make recommendations where appropriate;
- 5) Assure appropriate liability, insurance, and bonding for agency;
- 6) Manage fringe benefits and provide appropriate information to staff;
- 7) Implement tracking system to remain abreast of time frame for renewals of insurances, subscriptions, equipments maintenance agreements, and other similar needs;
- 8) Work directly with external agency auditor in provision of needed information and data for annual audit;
- 9) Assist administrative staff in planning and assessment of agency expenditures and funding; and
- 10) Fulfill other fiscal responsibilities as needed and provided in agency personnel/operations manual.

Research/Policy Associate

Position Qualifications:

Must have master's degree, preferably in public policy, planning, economics, or related field. Must have experience in data collection and analysis. Must have demonstrated proficiency(ies) in statistical analysis in previous projects, research, or policy analysis. Must have excellent written communication skills with ability to communicate with diverse population. Must be willing to work extended days and weekends and have transportation.

Position Summary:

This position is directly responsible to the Director of Data and Information Program. The research/policy analyst is responsible for the planning and execution of research, data, and information projects and performs specific research and data analysis as assigned. This position is further responsible for the following:

- 1) Policy issue analysis, particularly related to the working poor, limited resource, and minority communities;
- 2) Trend analysis and data collection on business community, particularly minority business community, including development and implementation of surveys and tracking systems;
- 3) Identify and implement appropriate information management systems, including website;
- 4) Assist in the management of a demographic resource support service to public at-large and respond to requests for data and information;
- 5) Undertake special research, data, and information based initiatives that build a knowledge base that strengthens the assets within limited resource communities and populations;
- 6) Plan, facilitate, conduct workshops and planning forums to share information with key stakeholders to support productive planning and responses to local and state economic and social challenges; and
- 7) Make recommendations to appropriate individuals/agencies related to in critical areas affecting health of state, as well as limited resource and minority communities.

Business Development Consultant

Position Qualifications:

Serves as specialized business consultant for the management and technical assistance program. Master's degree in business administration preferred. Must have substantive experience in business development, preferably in a corporate or small business setting. Must be willing to work extended days and weekends and travel extensively throughout state. Ability to communicate effectively with diverse populations. Understanding of economic and social needs of limited resource and minority communities needed.

Position Responsibilities:

Reports directly to the Vice-President for Business Development. Serves as member of the business development team. Must work in team environment and share project assignments. Responsible for the following:

- 1) Providing direct quality technical assistance to small minority and women owned enterprises;
- 2) Undertake short term, as well as long term, technical assistance assignments for clients;
- 3) Design and implement internal system for tracking client growth and development, as well as commitment to MTAP ideals;
- 4) Design and lead appropriate training and workshops for MBEs;
- 5) Assist in expanding market opportunities and business creation/retention strategies for enterprises in limited resource communities, as well as owned by individuals from underdeveloped sectors of the population;
- 6) Provide entrepreneurial based technical assistance to small number of non-profits;
- 7) Partner with other business development groups and trade associations, as well as community based entities, to strengthen local level capacity for business development support and assistance; and
- 8) Provide support and input in the development of strategies to build non-traditional partnerships and relationships.

Vice President for Business Development

Position Qualifications:

Must have a bachelor's degree in business administration, marketing, or related field. Must have demonstrated knowledge of small business community, particularly minority and women owned enterprises. Ability to work effectively with diverse populations and build communications and partnerships with large corporations, as well as small businesses. Must be willing to work extended days and weekends and travel extensively statewide. Must have at least three years experience in a business development setting.

Position Responsibilities:

Reports directly to the President and has the overall responsibility for the development and management of the business development program. Must fulfill the following responsibilities:

- 1) Develop and implement technical assistance program primarily directed towards building the capacity of firms in limited resource and minority communities;
- 2) Seek support and partnerships to enhance market opportunities and build relationships across regions and racial lines;
- 3) Assist businesses in finances and management;
- 4) Develop and implement strategies to enhance long term profitability and sustainability of firms;
- 5) Partner with corporate sector and public sector, especially those seeking to diverse the vendor base;
- 6) Implement system for tracking growth and development, job creation and retention, as well as sales of receipts of respective firms maintaining strict confidentiality of information;
- 7) Design, coordinate, and/or conduct training and workshops to enhance skills and knowledge base of entrepreneurial community;
- 8) Build business development team complimentary in skills and identify appropriate external technical support assistance; and
- 9) Respond to request for technical assistance and support.

Secretary Receptionist

Position Qualifications: Must have above average knowledge of computers, computer software, and systems. Must type at least 75 wpm and have good oral and written communications skills. Must have demonstrate knowledge of office machines. Willingness to work extended days and weekends. Prior experience preferred in general office support. Must have at least a high school diploma/equivalent.

Position Summary: Provides direct clerical and program support to the Vice President for Business Development and general support to business development staff. Is directly responsible to the Vice-President for Business Development. Is responsible for the following:

- 1) Provides clerical support to business development staff and assist in business development program where needed;
- 2) Provide support in answering telephone and properly recording requests for information, support, and assistance;
- 3) Maintains data base and directory of MBEs;
- 4) Assist in the coordination of workshops, training, and forums;
- 5) Maintains computer backs-ups for program staff and oversees equipment maintenance and repair;
- 6) Assist in the development and distribution of training and workshop materials, including mailings;
- 7) Manages program staff report files and responsible for maintaining file of business development activity;
- 8) Performs wide range of duties including data entry, word processing, and other work as requested;
- 9) Provides staffing support during workshops and training, when needed; and
- 10) Maintains property inventory.

DRAFT

North Carolina Community Development Initiative



A REPORT TO THE PEOPLE
OF NORTH CAROLINA



Since its founding in 1994, the North Carolina Community Development Initiative has had four exciting and productive years. It has been a couple of years since we issued our last report so it is appropriate and important, I believe, to bring you up to date on the Initiative's activities.

*Letter from George Esser
Chairman of the Board*

In our first year, we provided 13 local, mature CDCs with core operating funds. We now assist 21. Soon, if we secure the necessary income, we will add a few more organizations which already are making a difference in their communities.

What these small, community-based organizations have produced during the last four years is astonishing. Neighborhoods and entire communities are being revitalized. There are new and renovated homes, and there are first-time home owners in most of them. There is multi-family housing for those who still cannot afford to venture into home-buying. There are new and rebuilt commercial areas in neighborhoods where commerce had all but disappeared. There are community centers, business incubators and day care centers. There are new jobs, and there are new taxpayers.

In this report, we point to the lessons we have learned through the Initiative experience. Some of these lessons were not learned easily. Read them with this understanding: Behind each is the story of a neighborhood or community, of a new home or homes or of a new small business.

Behind each of the lessons are stories of men and women who have made commitments to themselves and others to revitalize their communities, to provide new jobs for persons from the community and to redefine "opportunity" for people and places that opportunity has passed by time and time again.

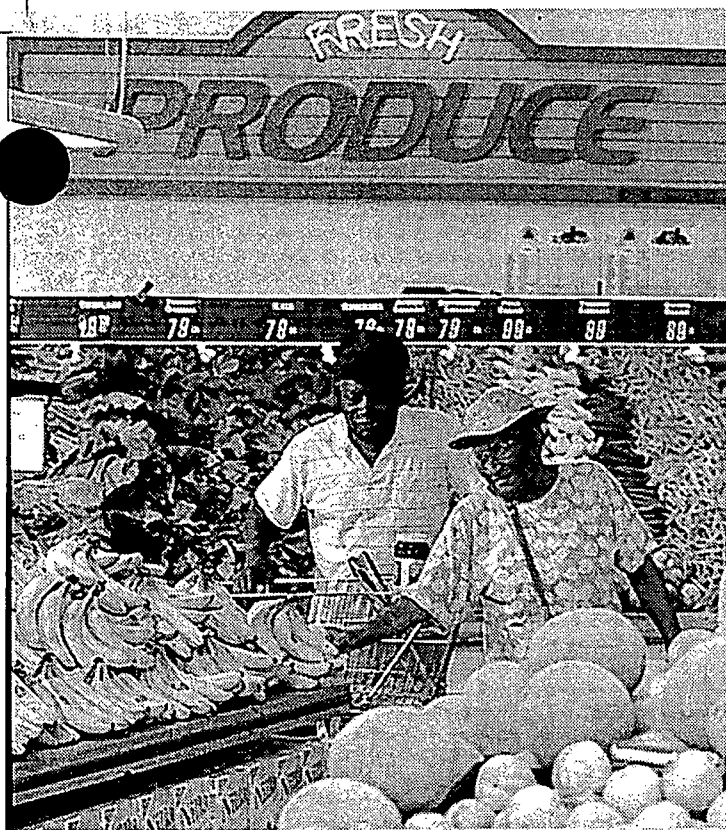
Look at the statistics closely. Behind each is a story of mistakes made, pain suffered, successes achieved and new ways of operation discovered the hard way. All this was expected. In the 1960s, another generation went through the same processes of discovery in the development of new institutions to meet urgent new public needs. The very nature of developing new institutions requires that lessons will be learned from trial and error and the making of honest mistakes. Experience has taught us that we delude ourselves if we believe that we start any new process with all the answers in hand. However, we do know that if we persevere we will be successful, and those institutions will be stronger because of mistakes we make, provided they also become lessons learned. We ask your patience, your tolerance within reasonable bounds, and your encouragement as we go through this learning period.

There are still a lot of tough questions to answer. How many CDCs can we get on their feet and how much assistance can we reasonably give to each? How big an area should a CDC try to serve — a small neighborhood, the depressed areas of an entire city or town, or both rural and urban low-resource neighborhoods in a county?

We need to know more about how best to help men and women from affected communities provide leadership for CDCs and other community ventures. We need to know how best to evaluate CDCs' programs so we can provide assistance more effectively. And, above all, we need each community's support, its advice and guidance and its help as we seek new resources and markets.

Learning is always exciting. So, for us, these are particularly exciting times. Next year, we hope we can report even more production, more successful CDCs, more able leaders from within targeted communities, more jobs created in those communities, and more wealth accumulated by and for low-resource neighborhoods. The people of North Carolina have invested generously in the work of the North Carolina Community Development Initiative. This report shows clearly that their investments are producing dividends.

George Esser
Chairman of the Board
North Carolina Community Development Initiative



LESSONS LEARNED

Any organization, especially a young one, can profit from doing periodic self-examinations. Working as a partner with CDCs throughout North Carolina to revitalize low-resource communities has been a valuable learning experience for the Initiative. Initiative staff have reviewed their experiences — successes, challenges, opportunities seized and chances missed — and summarized them as “Lessons Learned” so everyone with a stake in economic development in low-resource communities can benefit from them.

Diverse Boards Are The Key To Long-Term Organizational Health

The Initiative has learned that membership on a CDC board is not honorary. Members have serious governance responsibilities and legal liabilities and must have a sound understanding of the non-profit environment. Many founding boards are drawn rather narrowly from the neighborhood. Creating a diverse board is a leap of faith which many CDCs find difficult to make. A mature CDC views its board members as valuable resources, appreciates their responsibilities, and draws on a broad cross section of the community — public, private and academia. Broadening board representation creates an inclusive partnership which advances goals of the entire community.

Successful CDC Executives Can Come From Diverse Disciplines If They Have People Skills And Leadership Ability

The Initiative has learned that leadership is the key to a CDC's success. The executive director leads the staff and, to a great degree, the board of directors and is the force that creates partnerships and the glue that holds them together.

The diverse backgrounds of many successful CDC executive directors in North Carolina show they can come from virtually any discipline and still provide effective leadership. This is true, particularly, when the executive is from the community served. Local persons are inclined to give the director a grace period in which to make some mistakes. However, if the executive is from outside the community, she or he will be allowed a smaller margin of error.

A CDC Must Have Integrity In Both Fiscal and Administrative Management

The Initiative has learned that good intentions are no substitute for efficient administration and sound financial management. A CDC must have credibility to attract partners and funding for projects. If it fails to inspire confidence from the beginning or loses its credibility because of poor administrative and financial practices, it will not be able to obtain the funds and broad community support it needs to carry out its mission.

Empowerment Is Not Synonymous With “Going It Alone”

The Initiative has learned that it is a mistake in low-resource community economic development to interpret “empowerment” as “going it alone.” In this case, it means giving persons a place at the table, an opportunity to have their ideas taken seriously, and a “hand-up” which allows them to move into the mainstream of their communities. Empowerment requires that CDCs create assets and income streams so they can achieve greater financial independence, self-confidence and security.

Successful Projects Have Ongoing Community Support

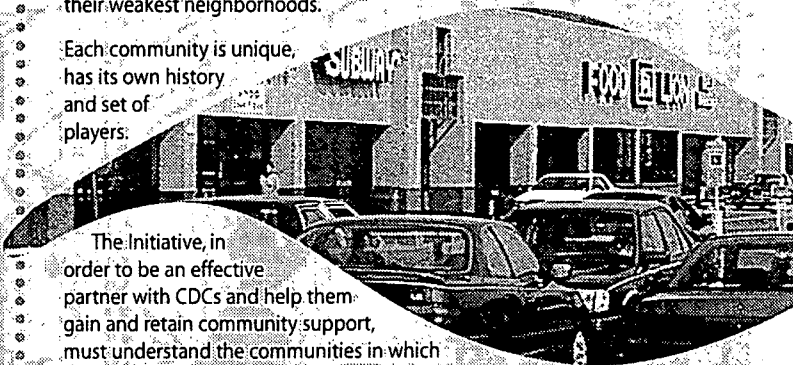
The Initiative has learned that projects must have a relationship to the greater community in order to gain support. Proposals should be cast in that light — their relevance to community-wide efforts and aspirations. Businesses, in particular, understand that they can be only as strong as the communities in which they are located; and communities are only as strong as their weakest neighborhoods.

Each community is unique, has its own history and set of players:

The Initiative, in order to be an effective partner with CDCs and help them gain and retain community support, must understand the communities in which they are located.

Community Economic Development Must Be Non-Partisan

The Initiative has learned that community economic development must be non-partisan. Public dollars are important, and regulations often have a make-or-break role. The political structure has to be engaged as a partner to achieve goals which are viewed almost universally as desirable: to provide affordable



housing; to make persons self-sufficient; to increase the community tax base; to create new taxpayers; to decrease the need for social services; to decrease crime; to make neighborhoods safe; to help children achieve.

Sustainable Community Economic Development Focuses On "Hands Up," Not "Hand Outs"

The Initiative has learned that while CDCs want to do human and social good, they must find solutions grounded in sound business principles. Non-profits which undertake ambitious projects must prove to all concerned that there are funds to cover the cost, the debt, and on-going operations and expenses. Private sector partners have every reason to expect a profit, albeit sometimes modest.

If progress is to be long-term and sustainable, efforts have to result in jobs, wealth building, and the ability of persons to continue to make economic advances. Hand-outs and quick fixes are not tools for long-term community economic development.

Partners Must See A Return On Their Investments, And CDCs Must Know How To Describe This Return

The Initiative has learned that each partner expects something of value to justify its involvement. A foundation must be assured that the CDC advances its goals. A private corporation wants a return on its investment and, perhaps, to open new markets. Public perception that a corporate partner is socially conscious is considered of value. Government agencies want to advance the commonwealth and meet taxpayer demands that tax dollars be invested in the community wisely; cities and counties want to see the tax base broadened, jobs created and the economic future of the area enhanced.

Adequate Administrative Support Is Essential To Organizational Effectiveness

The Initiative has learned that there is a critical mass of administrative dollars that translates into a desirable level of staff competency. That level of competency, in turn, permits CDCs to develop and execute projects successfully and provide management which inspires confidence and enhances partnership development.

Finding Skilled Staff Is Major Challenge

The initiative has learned that there is a lack of experienced, well-trained community development professionals in the CDC industry. Consequently, some CDCs never become properly staffed. Because of its role in the national community economic development movement, the Initiative has the ability to spot talent and help CDCs find skilled, competent individuals.

Technical Assistance For CDCs Is Critical For Organizational And Program Successes

The Initiative has learned that certain skills are critical to the

success of projects. However, most CDCs do not have enough project activity to justify keeping highly skilled and specialized professionals on staff. Having a pool of specialists available at the state level as a resource for local CDCs has proved to be effective. The technical assistance staff not only brings its expertise to the table, they bring a broad view of what generally works and doesn't work. In times of crisis, the Initiative's staff has valuable knowledge of the local CDCs and can respond quickly and effectively.

There Is A Shortage Of Risk Capital To Take Advantage Of Opportunities In Today's Emerging Markets

The Initiative has learned that there is still little early, high-risk capital available for commercial and small business ventures. Professor Michael Porter at the Harvard Business School has stated quite convincingly that low-resource inner city neighborhoods are today's emerging markets. Some larger corporations share his view and are actively seeking ways to penetrate this market, often through partnerships with CDCs. In contrast, venture capitalists generally do not view these neighborhoods as viable emerging markets where investors can receive a reasonable profit on investments.

Financing Community Economic Development Projects Requires Creativity

The Initiative has learned that there are no pat formulas for financing projects in low-resource communities. When providing technical assistance to CDCs, Initiative professionals have to be creative and draw on the full array of options. There is value, however, in developing model financing packages as a launching point. Foresight is also important. If a CDC purchases land for a project and anticipates a future need for adjacent property, obtaining an option can assure it is available when needed at an affordable price.



The Number Of CDCs Which Can Effectively Serve A Community Is Dictated By Available Human And Financial Resources

The Initiative has learned that more is not always better. Some larger cities with significant local resources can support several CDCs. However, smaller towns and rural areas usually are best served by one strong CDC. It is a judgment call as to how available human and financial resources, often severely limited, can be used most wisely.

Letter from Abdul Rasheed
President



I begin with a very sincere, "Thank you." Many individuals, public sector representatives and corporations have invested their time, expertness, political efforts and financial capital to produce the lessons learned contained in this report. I am personally grateful, and I am encouraged by this support of the Initiative which, I believe, represents North Carolina at its best.

I also note the dedication and continuing sacrifices of CDC leaders across the state — directors, staff, and board members — and their partners in their respective communities. Community economic development in low-resource communities, as we envision it and as we practice it, is about strong community leaders who form partnerships rooted in sound business principles.

In North Carolina, we are moving beyond old divisions based on race, history and even regionalism and rejecting shortsighted answers to problems which demand long-term solutions. When we put aside these old nemeses, we are at our best. We amaze people with our ability to revitalize communities and to take full advantage of human capital.

Four years ago, when the North Carolina Community Development Initiative began operations, a couple of CDCs had been around as long as 25 years. But the absence of a reliable source of funds to defray core operating expenses still made every day a struggle for survival. The infusion of funds, initially to 13 mature CDCs, redirected the energy being spent on financial survival to projects which changed lives and neighborhoods for the better. Not having to operate from hand to mouth gave CDCs self-esteem, and that new-found self-esteem inspired the confidence of potential partners.

Our mission is broader than just providing funds for administrative expenses. Our perspective is statewide, and our contacts reach across the entire United States. We see what creates effective CDCs and what breeds failure. What causes strong partnerships to develop. What creates opportunities and what produces more heartbreaks. What produces sustainable progress and what is merely a flash in the pan.

We will continue to look for new sources of support for CDCs in both the public and private sectors. We will use every opportunity to stress the importance of community revitalization and strengthening the entire fabric of our communities. The Initiative will offer to CDCs the expert assistance of the professionals on its staff to help CDCs bring more residential and commercial projects to fruition.

We will continue to create model finance packages which can be applied, with modifications, statewide. We will look for ways to make affordable housing more affordable in a time of rising construction costs.

We will continue to follow closely the day-to-day operations of CDCs which we assist. We cannot be responsible for all their actions, just as we cannot take credit for all their successes. But we can use our broader vantage point to spot potential problems, sound an early alert and offer assistance. We will keep hammering home the fact that individual boards of directors play a major role in determining the strengths of CDCs, and that those boards must take their responsibilities seriously. We also will stress financial accountability.

We face formidable challenges. We must redouble our efforts to create jobs so welfare reform can work. If welfare recipients are to become self-sufficient, there must be jobs for them which pay a living wage. And those jobs must be accessible — in the very low-resource communities that we are attempting to revitalize.

We see new opportunities. Increasingly, the corporate community is viewing low-resource inner-city neighborhoods as places where sound investments can be made — emerging markets in the shadows of their corporate towers. The lessons we have learned make the Initiative and the CDCs with whom we work logical facilitators.

This is our report to you. I will be disappointed if you do not share with me your comments and your recommendations as to how the Initiative can be even more effective in promoting community economic development and revitalizing low-resource neighborhoods in North Carolina.

Abdul Sm Rasheed
President and CEO
North Carolina Community Development Initiative

Board of Directors

George Esser

Chairman, Initiative Board of Directors
Chapel Hill
Retired Community Development Pioneer

Philip E. Bazemore

Monroe
Member, Monroe City Council

Fannie Corbett

Wilson
Executive Director, Wilson Community
Improvement Association

Gregory Cummings

Concord
General Manager, Philip Morris USA

Joyce Dickens

Rocky Mount
Executive Director, Rocky Mount/
Edgecombe CDC

Martin Eakes

Durham
CEO/President, Center for Community
Self-Help

James Grace

Winston-Salem
Executive Director, East Winston CDC

Andrea Harris

Henderson
President, N.C. Institute for Minority
Economic Development

Rep. Howard Hunter, Jr.

Conway
Member, N.C. House of Representatives

Joseph Kilpatrick

Winston-Salem
Assistant Director, Z. Smith Reynolds
Foundation

Ron Leeper

Charlotte
President, R.J. Leeper Company General
Construction Services

William Mann

Winston-Salem
Senior Vice President, Wachovia Corporation

Susan M. Perry-Cole

Rocky Mount
Assistant Secretary of Community Development
N.C. Department of Commerce

Rhonda Raney

Raleigh
President/CEO, The North Carolina Association
of CDCs, Inc.

Ed Stewart

Durham
Executive Director, UDI CDC

Dr. Alton Thompson

Greensboro
Chairman, NC A&T State University Department
of Agricultural Education, Economic and Rural Society

Stanley Watkins

Charlotte
Key Business Executive
Neighborhood Development, City of Charlotte

Hubert Wayne, Jr.

Winston-Salem
Retired Senior Vice President and Community
Reinvestment Act Administrator, Wachovia
Corporation

Henry G. Williamson, Jr.

Winston-Salem
Chief Administrative Officer, BB&T Corporation

Winnie Wood

Camden
Retired President, F.P. Wood & Company





Initiative Programs

The North Carolina Community Development Initiative provides core operating grants, technical assistance and project-specific loans and training to selected Community Development Corporations throughout North Carolina. The Initiative is currently investing in 21 CDCs, having made operating grants to CDCs of more than \$12 million since its inception in 1994. Additionally, the Initiative has funded more than \$1.5 million in loans to various projects, \$368,436 in direct hands-on technical assistance to the CDC community at large, and \$194,739 in training.

Currently, there are approximately 60 to 65 CDCs across North Carolina in various stages of development, ranging from new to emerging to mature. Although the Initiative was established to work directly with only fully developed or "mature" CDCs, it provides technical assistance to all of North Carolina CDCs in any stage of development.

Core Operating Grants made to the 21 mature CDCs provide an opportunity for the CDCs to stabilize their staff or hire stronger staff, purchase equipment and technology, enhance the specialized training of individual staff members, or fund any other projects that the CDC believes will increase productivity and organizational capacity.

The Initiative's primary lending vehicle, called the Gap Financing Program, is open to all CDCs in North Carolina that are not-for-profit and community-based. Gap financing provides flexible loans or credit enhancement for a wide range of projects that will compliment the financing being offered by other lenders and investors and will complete or bring near completion the financing arrangement for a particular project.

Another loan program, called Project Help, is open to any CDC in North Carolina and allows emerging CDCs access to flexible predevelopment loans for completion of a first project.

The Initiative also offers loan programs to fill various niches. For example, the Bridge Loan Program funds

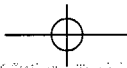
emergency needs of Initiative CDCs where unanticipated events have created a cash flow crisis but where CDC management is strong and a source of repayment exists. The Initiative's Revolving Loan Fund provides reliable access to financing for low-income housing development for Initiative CDCs working to solve critical housing problems in urban and rural North Carolina communities. The Real Estate Optioning and Land Banking Program allows CDCs access to funds which can be used to obtain site control through use of an option agreement or straight acquisition.

The Initiative launched its Capital Grant Program in January 1997 to increase the net worth of CDCs by making available grants of up to \$50,000 which can be used as equity by the CDC. The Capital Grant must be matched on a one-for-one basis and must be used to capitalize a CDC project that will preserve the equity position.

In addition to its own loan products, the Initiative is working with CDCs to offer access to a First Citizens Bank Construction leading program that offers construction financing at a rate of Prime less 2 percent. This lending agreement is the result of an emerging partnership between the Initiative and First Citizens Bank. Under the program, First Citizens has committed to \$200 million in loans (\$40 million a year for the next five years) for economic development in low-resource communities.

The Initiative also provides specialized "hands-on" technical assistance to CDCs to help stabilize project operations, strengthen administrative functions and increase project capacities. Technical assistance is based upon the principle that building better communities is achieved through one-to-one consultations, the end result being increased levels of investments in the communities. Technical assistance has been a success as a shepherd for the CDC community, helping to bring projects from conception to completion. The Initiative considers requests for technical assistance from any CDC in North Carolina.





1997 Grants To CDCs

Cleveland County CDC, Shelby

Founded 1991

Initiative Grant \$120,000

Since its inception, Cleveland County CDC has constructed and sold 22 single-family homes the Heritage Oaks neighborhood. The CDC plans to construct and sell a total of 60 new homes in Heritage Oaks as part of its residential development initiative.

Coastal CDC, New Bern

Founded 1992

Initiative Grant \$120,000

Coastal CDC has provided counseling to 17 homebuyers since its inception and saved four families from foreclosure by providing counseling services. A 20-unit multi-family project for families below 50 percent of median income is planned for 1998. The CDC's housing counseling program offers pre-homeowner counseling, post-homeowner counseling and homebuyer education workshops.

Community Developers of Beaufort-Hyde, Belhaven

Founded 1984

Initiative Grant \$150,000

Community Developers of Beaufort-Hyde has completed Pungo Village, apartments for senior citizens with limited incomes; Mattamuskeet Village; Hyde Co-op I; Hycienda in the Heights, 24 single-family residences; and Bridgewood, 16 duplexes. The CDC is developing another project, called Wynne's View, in downtown Belhaven. Wynne's View will have first floor commercial space and second and third floor senior housing apartments.

Durham Community Land Trustees, Inc., Durham

Founded 1987

Initiative Grant \$116,000

Durham Community Land Trustees' mission is to provide affordable, resident-controlled housing and to promote the revitalization of Durham's West End neighborhood. The Land Trust has developed 80 homes in the West End since its beginning. Included in this portfolio are homes sold to lower income families; homes being purchased through a lease-to-purchase program and rental housing.

East Winston CDC, Winston-Salem

Founded 1989

Initiative Grant \$75,000

Since 1989, the East Winston CDC has completed approximately \$3 million in affordable housing, including multi-family and single family construction and rehabilitation. Through its human development initiatives, East Winston CDC has provided services to more than 1,200 individuals and families ranging from homeowner counseling to job training. The CDC is exploring the development of a 200-seat cafeteria.

Gateway CDC, Henderson

Founded 1988

Initiative Grant \$150,000

Since its inception, Gateway CDC has acquired a 12,000 square foot building in which it operates a business incubator, developed 16 units of affordable housing, and is now planning a 42 unit single-family subdivision of affordable homes. The CDC also has sponsored a wide range of well-received youth programs.

Grier Heights Economic Foundation, Inc., Charlotte

Founded 1986

Initiative Grant \$130,000

The mission of Grier Heights Economic Foundation is to stabilize the Grier Heights community by building single family homes for families with low-to-moderate incomes. Since the CDC's inception, it has developed 10 homes and provided a wide range of human service programs.



1997 Grants To CDCs, continued

Hayti CDC, Durham

Founded 1981

Initiative Grant \$150,000

The Hayti CDC's accomplishments include residential development and large and small scale commercial development, such as the Heritage Square shopping center and Edgemont Laundromat. The CDC is currently planning the rehabilitation of a commercial strip center and 28 new or rehabilitated single family homes.

Metropolitan Low Income Housing, Washington

Founded 1992

Initiative Grant \$150,000

Metropolitan Low Income Housing has constructed 38 affordable single-family homes, rehabilitated 20 homes, constructed a four-unit quad for emotionally challenged persons, a senior citizens complex called Metro Arms and Metro House, a 20-unit apartment building for persons living with HIV/AIDS. The CDC will soon begin construction on a 24-unit residential project with 25 percent set aside for victims of domestic violence.

Monroe-Union County CDC, Monroe

Founded 1990

Initiative Grant \$150,000

Monroe-Union County CDC is currently providing homeowner education to more than 450 clients. During 1996, the CDC constructed 11 affordable homes and is developing 15 additional homes. Other services include community education, minority business development and commercial development.

Mountain Housing Opportunities, Asheville

Founded 1988

Initiative Grant \$125,000

Mountain Housing Opportunities was begun to provide emergency home repairs to elderly and disabled homeowners (more than 800 households since 1988). It has added programs in rural home rehabilitation, affordable homeownership, affordable rental housing, and community economic development. Current projects include River Glen Apartments (38 affordable units with on-site family services center) and the Asheville Riverfront Homeownership Zone, a neighborhood-based revitalization effort.

Northeastern CDC, Camden

Founded 1986

Initiative Grant \$147,000

Northeastern CDC has developed a 5,000 square feet community training center and a 13,000 square feet commercial business. It also coordinates the county's Smart Start program and operates a loan fund with \$120,000 in assets. The CDC established the first day care center in Camden County.

Northwest Corridor CDC, Charlotte

Founded 1991

Initiative Grant \$52,650

Northwest Corridor CDC has rehabilitated 50 apartments for low income households, seven existing houses (also arranged buyer financing) and converted two duplexes into single family homes for low income households. The CDC also is a partner in the development of a 55,000 square foot shopping center and 30,000 square foot office building and is developing 60 new apartments for senior citizens, 18 townhouses for moderate income families and five townhouses for low income families.

Passage Home, Raleigh

Founded 1991

Initiative Grant \$150,000

Passage Home assists more than 50 families each year to become financially stable in permanent, affordable housing, has initiated a Home Buyers' Club; oversees tenant-based rental assistance self sufficiency programs; and manages 30 units of affordable and transitional housing. The CDC also is working toward building its first small affordable housing sub-division within Raleigh.

Project Homestead, Greensboro

Founded 1991

Initiative Grant \$150,000

A three-time Housing North Carolina Award winner, Project Homestead has placed 200 families in single family homes in the Triad. The CDC will have another 224 multi-family housing units operational by 1998, including retirement centers. Three additional affordable housing subdivisions and a second day care center also are in planning stages.

Reid Park Associates, Charlotte

Founded 1989

Initiative Grant \$120,000

Reid Park Associates is dedicated to a people-first approach to community building. The CDC focuses its work on neighborhood-based economic development programs by constructing or rehabilitating housing and as a partner in the creation of a shopping center. The CDC is developing a 50,000 square foot shopping center called Westover Shopping Center, has sold 9 affordable homes and is developing 3 additional homes.

Rocky Mount/Edgecombe CDC, Rocky Mount

Founded 1988

Initiative Grant \$150,000

Major accomplishments of the Rocky Mount/Edgecombe CDC include Harambee Square, a \$2.5 million downtown mixed use complex (retail, commercial, residential, cultural arts); and Heritage Park Housing Development. Plans are under way for an industrial incubator – a 120,000 square foot job creation and small business initiative.

Southeast Raleigh CDC, Raleigh

Founded 1990

Initiative Grant \$150,000

Southeast Raleigh CDC has completed 21 housing units in its Ujamaa Village and constructed three houses in the College Park/Idlewild Community near the campus of St. Augustine's College. The CDC also has implemented a Youthbuild program for high school dropouts who want to obtain GED training in the construction field.

UDI/CDC, Durham

Founded 1974

Initiative Grant \$150,000

UDI/CDC's community involvement includes UDI Industrial Park, the Youthbuild program, expansion and rehabilitation of an existing 25,000 square foot building to be used as a business resource center and a manufacturing/assembler facility, North Five Points Development (rehabilitation and new home construction), and Eagle Village Commons Center (rehabilitation of a 2 1/2 acre tract of deteriorating property, including a new supermarket).

Wilson Community Improvement Association, Wilson

Founded 1968

Initiative Grant \$150,000

Among the accomplishments of Wilson Community Improvement Association are Gee Corbett Village, a 38-unit seniors complex; Adventura East, with 68 single family homes; rehabilitation of 21 single family units; acquisition of a 104-unit multi-family complex; and renovation of historic Mercy Hospital, now Mercy Business Training and Development Center. The CDC has provided housing counseling to more than 1,500 applicants, assisted 35 new and emerging small businesses, and provided self-improvement programs for 250 youth.

Wilmington/New Hanover CDC, Wilmington

Founded 1989

Initiative Grant \$75,000

The Wilmington/New Hanover CDC operates the Wilmington Business Center, a small business incubator, and Project Home, an affordable housing program. The 15,000 square feet incubator was constructed in 1995 and is currently self-sufficient with a 100 percent occupancy rate. Project Home's Homebuyers' Club has a membership of 70 persons working to become first-time homeowners. Five homes have been built.

Cumulative results of CDCs 1991-2001

	1991	1992	1993	1994	1995	1996	1997-2001 (Projected)
Total Fixed Asset Value Of CDC Projects	\$3,020,450	\$4,165,041	\$4,998,587	\$15,521,661	\$22,513,574	\$17,548,006	\$126,913,664
Single Family Residences (New and Rehab)	8	41	79	90	205	146	1,112
Value of Single Family Homes	\$444,000	\$2,343,765	\$4,651,516	\$5,458,171	\$12,805,476	\$9,393,598	\$70,325,880
Value of Single Family Home Mortgages	\$412,920	\$2,179,701	\$4,325,910	\$5,076,099	\$11,909,093	\$8,736,046	\$65,403,068
Development Fees of Single Family Homes	\$24,000	\$127,100	\$252,800	\$297,000	\$697,000	\$511,000	\$3,826,901
Housing Land Acquired (acres)	27	6	18	56	119	31	474
Value of Housing Land Acquired	\$459,000	\$105,060	\$324,635	\$1,040,276	\$2,276,904	\$606,011	\$9,132,972
Multi-Family Housing: New and Rehab	38	36	-	104	205	129	1,058
Commercial Real Estate (sq. ft.)	2,840	12,500	-	30,730	72,570	46,292	376,551
Full-Time Construction Jobs Created	48	67	80	248	360	281	2,031
Jobs Created From Commercial Development	7	31	-	77	181	116	941
Full-Time Jobs Created: All Development	78	137	112	455	758	555	4,161
Loan Pools Established by CDCs	\$200,000	\$200,000	\$387,000	\$250,000	\$1,320,000	\$3,185,000	\$14,271,680
Micro-Loans Originated by CDCs	22	21	51	12	12	17	92
Home Ownership Counseling (# persons)	375	858	1,530	1,436	2,445	2,003	14,091
New Real Estate Taxes Generated by CDCs	\$36,849	\$51,647	\$62,982	\$198,677	\$292,676	\$231,634	\$1,660,996



1997 Budget

Sources of Revenue

State of North Carolina	\$1,800,000
Z. Smith Reynolds Foundation	683,333
Banks/Corporations/Anonymous	987,501
Kenan Urban Enterprise	17,500
Southern Rural Development Initiative	6,000
Community Roundtable	2,845
Interest/Miscellaneous	75,000
Balance Foward	<u>3,059,447</u>

TOTAL REVENUE \$6,631,626

BB&T *In Kind*

Office Space 1997	\$224,743
Furniture	18,160

Expenses

Grants	2,731,350
Project Loans and Investments	1,500,000
Land Banking/Asset Development	500,000
Bridge Loans	120,000
Opportunity Grants/Special Funding	200,000
Project Help	100,000
Project Development	205,117
Administrative	<u>736,141</u>

TOTAL EXPENDITURES \$6,092,608

BALANCE \$539,018





Auditor's Report



Garrett
and
Davenport, CPAs, P.C.

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

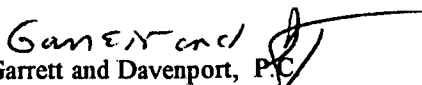
Board of Directors
North Carolina Community Development Initiative, Inc.
Raleigh, North Carolina

We have audited the accompanying statement of financial position of North Carolina Community Development Initiative, Inc. as of December 31, 1996 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States and Office of Management and Budget (OMB) Circular A-133, *Audits of Institutions of Higher Education and Other Nonprofit Institutions*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Carolina Community Development Initiative, Inc. as of December 31, 1996 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 10, 1997 on our consideration of North Carolina Community Development Initiative, Inc.'s internal control structure and a report dated April 10, 1997 on its compliance with laws and regulations.


Garrett and Davenport, P.C.
Certified Public Accountants

April 10, 1997

NORTH CAROLINA COMMUNITY DEVELOPMENT INITIATIVE



Initiative Staff

Abdul Sm Rasheed *President and Chief Executive Officer*

Abdul Sm Rasheed's responsibilities at the Initiative include managing the day-to-day activities of staff and programs, establishing and maintaining relationships with funding partners and major constituencies, initiating creative and innovative relationships with financial institutions and building coalitions between local CDCs and the public and private sectors.

Mr. Rasheed received his undergraduate degree from Elizabeth City State University and the Master of Education degree from Trenton State College in New Jersey. He later earned the Master of Science in Community Economic Development degree from New Hampshire College.

Mr. Rasheed brings both educational qualifications and extensive experience to his current position as President of the Initiative. Earlier in his career, he was a college administrator and began his work with CDCs in earnest when he joined Legal Services of North Carolina in 1981. In 1989, he helped organize and then became President of the North Carolina Association of Community Development Corporations, which still serves as the professional association for the CDCs. Mr. Rasheed assumed his present position as President of the Initiative in 1993.

Ebonie Alexander *Senior Vice President and Special Assistant*

Ebonie Alexander assists the President in resource development, external relations and the administration of Initiative programs and collaborative services. She also acts on behalf of the President in his absence.

Ms. Alexander received her undergraduate degree from Sojourner Douglass College in Baltimore and Masters degree in non-profit management from the New School for Social Research in New York. She has served as project director for the New York Community Trust/Long Island Community Foundation; director of residential services at the Community Service Council of Greater Harlem; executive director of Helping Hand, Inc. in Annapolis, Maryland; and chief of staff for Maryland State Delegate Clarence Davis.

Andrew Robinson *Senior Vice President and Chief Lending Officer*

Drew Robinson leads the project team which has responsibility for loan origination and the adminis-

tration of Initiative lending and investment programs. He provides technical assistance to CDCs on economic development projects, such as commercial real estate projects and small business initiatives, and provides financial analysis for proposals in these areas.

Mr. Robinson received his undergraduate degree from the University of Tennessee and the MBA degree from Southern Methodist University. He has served as an equity and predevelopment loan fund manager for the North Carolina Association of Community Development Corporations and as project manager for Wachovia Bank. He also has experience in mortgage banking, real estate analysis and sales.

Stephanie Barnes-Simms *Vice President for Residential Real Estate Development*

Ms. Barnes-Simms' responsibilities at the Initiative include developing an active portfolio of residential real estate opportunities. She analyzes proposals for new construction, rehabilitation, and financing and assists with closing and post-closing activities. She also designs new home ownership models for individuals with limited resources.

She received her undergraduate degree at Georgetown University and Master of City Planning degree from the University of California at Berkeley. Ms. Barnes-Simms has served as manager of residential mortgage operations at the Self-Help Credit Union in Durham and associate director of neighborhood programs for Neighborhood Housing Services of Chicago. She joined the Initiative after working with the North Carolina Housing Finance Agency, where she had served as housing production officer and housing policy officer.

Brian Crawford *Vice President for Community and Economic Development*

Brian Crawford is a member of the Initiative's project team with responsibility for finance and commercial real estate development. He reviews proposed loans and investments for financial feasibility and develops effective uses for the Initiative's mortgage bankers' certificate. Mr. Crawford also serves as the Initiative's Equal Opportunity Officer.

Mr. Crawford received his undergraduate degree from Connecticut College and is presently enrolled at the North Carolina Central University School of Law. He has served as a sales manager for the 1199 Housing Corporation in New York and as branch manager and development officer for the Bank of

Boston. Before joining the Initiative, Mr. Crawford was employed by First Union National Bank of North Carolina as an Assistant Vice President/Financial Specialist.

Adrienne Tipps *Chief Financial Officer*

Adrienne Tipps is responsible for all fiscal and reporting activities, relations with investor partners such as banks and foundations, and answering CDCs' concerns about fiscal reporting and financial compliance.

Ms. Tipps received the B.S. degree in accounting from Florida State University. She served as director of accounting with the law firm of Taub and Williams in Tampa, Florida and worked for three years with the North Carolina Client and Community Development Center and the North Carolina Association of Community Development Corporations.

Mary Alston *Administrative Assistant*

Mary Alston provides administrative assistance to the president and other administrative staff and assists the chief financial officer with accounting responsibilities.

Ms. Alston earned the B.S. degree in business administration from Atlantic Christian College and the A.A.S. degree in accounting from Vance-Granville Community College. Prior to joining the Initiative staff, she held administrative positions in private industry including customer service representative and human resource benefit coordinator.

Nellie Epps *Office Systems Manager*

Nellie Epps manages operating systems, micro-computers and peripheral equipment. She also provides computer software training and technical support to the project and administrative staff. She has several years of experience in the administration of computer systems.

Ms. Epps has an AA degree in computer science from Hardbarger Junior Business College, where she graduated with honors, and also attended Wake Technical College. Prior to joining the Initiative, Ms. Epps was an executive secretary with the North Carolina Association of Community Development Corporations and the North Carolina Client and Community Development Center. Earlier in her career, she worked with the North Carolina Industrial Commission and the North Carolina Department of Treasury.

Unfortunately, though everybody is very proud of this work, nobody wants to fund the work. And that's been our great struggle — how are we going to invest in the humans this way?

But you know, it is a time-consuming process, and you don't do it in two weeks or two months or even two years. They need friends who will walk with them all the way.

The Reverend Judson Mayfield
Founder, Community Developers of Beaufort-Hyde



THE NORTH CAROLINA COMMUNITY DEVELOPMENT INITIATIVE

316 West Edenton Street, Suite 200A (Post Office Box 93148)

Raleigh, North Carolina 27603 (27624)

Phone (919) 823-5655 • Fax (919) 834-8018



North
Carolina
Community
Development
Initiative, Inc.

C D I

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P.O. Box 98148
Raleigh, NC 27624
(919) 828-5655
(919) 834-8018 (fax)

April 30, 1997

President and CEO

Abdul Sm Rasheed

Board of Directors

*George Esser, Chairman
Chapel Hill, NC*

*Joyce Dickens, Vice Chairperson
Rocky Mount, NC*

*Gregory Barnore
Raleigh, NC*

*J. Anthony Blackwell
Asheville, NC*

*Fannie Corbett
Wilson, NC*

*Martin Eakes
Durham, NC*

*James Grace
Winston-Salem, NC*

*Andrea Harris
Durham, NC*

*Rep. Howard Hunter, Jr.
Conway, NC*

*Joseph Kilpatrick
Winston-Salem, NC*

*Ron J. Leeper
Charlotte, NC*

*Rep. H.M. Michaux, Jr.
Durham, NC*

*Susan Perry-Cole
Raleigh, NC*

*Melinda Solomon
Weldon, NC*

*Edward Stewart
Durham, NC*

*Herbert M. Wayne, Jr.
Winston-Salem, NC*

*Henry Williamson
Winston-Salem, NC*

Dear Colleague:

Recently, I spent a good deal of time reflecting on 1996 and decided to write you about some of our accomplishments at the North Carolina Community Development Initiative. I am delighted to have so much good news to share.

The Initiative and its partner CDCs took major steps forward in 1996. The Initiative and its investor partners channeled more than \$15 million of grants, loans and equity to the 19 CDCs which we provided with both funds for core operating expenses and technical assistance. From the mountains to the coast, CDCs received \$2.5 million in core operating grants -- our primary grant program. These grants are hands up, not hand outs, and the fact that these CDCs completed projects totaling \$17,548,000 in total fixed asset value last year is good proof.

Let's break that figure down. That \$17.5 million represents 275 units of single and multi-family housing, 46,292 square feet of commercial space, 555 full time jobs, and 2,000 individuals counseled for home ownership opportunities. Over the last two years, local governments collected \$772,000 in new real estate taxes from these CDC projects.

CDCs throughout the state are coming into their own. Finally, through help from the Initiative and creative public-private partnerships at the local level, they have the capacity to plan, execute and complete benchmark projects.

- Wilson Community Improvement Association completed the beautiful restoration of the old Mercy Hospital, returning it to the tax base and creating highly desirable office space and an incubator for budding entrepreneurs.
- Project Homestead in Greensboro renovated yet another apartment complex, offering furnished apartments to low resource families at an affordable monthly rental fee.

Dear Colleague
Page Two

- Metropolitan CDC in Washington completed Hope Village in partnership with the North Carolina Department of Mental Health and Substance Abuse. Four quadraplexes will provide residences for persons who require supervision and an assisted living environment.
- Monroe-Union County CDC brought to the market a major subdivision, priced for families with moderate and low incomes.

The capacity and potential of North Carolina's young CDC industry are growing every day. At the same time, some CDCs are facing major leadership and administrative challenges. Some, like Southeast Raleigh CDC, have lost valued, experienced leaders. Pauline Frazier -- a real pioneer -- died of cancer. Gateway CDC in Henderson, under the leadership of Chris Dickey, is moving forward strategically with its community revitalization plan. Northeastern CDC is rebounding after more than a year of interim leadership. Community Developers of Beaufort/Hyde, the product of Reverend Judd Mayfield's remarkable vision, has hired a full-time Executive Director -- a desperately needed move at this point in that CDC's development.

In short, I am pleased to report that while the CDC movement is dynamic and ever changing, it is meeting and overcoming challenges, maintaining and even increasing its momentum. And we believe that the Initiative is playing a key role by providing funds for core operating expenses and technical assistance that otherwise would not be available.

The North Carolina Community Development Initiative, as a support organization, made significant strides itself. The Initiative

- made grants of \$2.5 million to 19 CDCs,
- developed new and expanded guidelines for assisting and encouraging development and retention of assets by local CDCs,
- created the capacity to assist local CDCs acquire land at the most opportune time for future development,
- became licensed as a certified mortgage broker,
- created an advisory committee to the Board of Directors to review by-laws and Board structure and to make recommendations to strengthen the organization internally,
- relocated its offices to a 10,000-square-foot office space in downtown Raleigh, under the same roof with four closely related organizations.

Dear Colleague
Page Three

Obviously, as an organization with a public trust, we strive to keep our house in order. Doing so has become all the more important now because increasingly the CDC movement in North Carolina and the Initiative -- the only statewide intermediary of its kind in the nation -- are being looked to as models.

Last summer, we hosted the Ford Foundation and a four-day conference on public-private collaboration. Guests from throughout the United States and abroad attended, and we were pleased that Governor James B. Hunt, Jr. attended the reception in the State Capitol rotunda, made brief remarks and lent his support.

Later, we received a distinguished group from Puerto Rico which included bankers, foundation officials, elected officials and a university president. In November, we briefed and gave an extensive tour of representative North Carolina CDCs to a 15-person delegation from the fledgling Charleston Area Community Development Corporation in South Carolina. That group included Charleston Mayor Joseph P. Riley, Jr.; Charleston County School Superintendent Chip Zullinger, two state senators, and other business, government and church leaders.

We have received many other delegations, some from close at home and some from as far as India and South Africa. We see sharing our experiences and best practices with such groups as an important service, and we welcome them.

The Initiative has been blessed with highly competent, motivated staff persons. So it was inevitable that their talent would be recognized. We congratulate Lori Gibbs, Vice President for Residential Real Estate Development, who has assumed a very responsible position with Mechanics and Farmers Bank. Richard Fuqua, formerly our Small Business and Enterprise Agent, has joined the Charlotte Chamber of Commerce, leading its efforts in neighborhood economic development.

We truly live in interesting times. Welfare reform, welfare to work, out-sourcing, mergers, buyouts -- all present challenges and opportunities for us at the Initiative and to CDCs at the community level. In 1997, I anticipate continued growth in our capacity and productivity as an emerging industry in North Carolina. We will be bolstered by an intensive effort to develop leaders and practitioners through a Human Capital Development effort being launched in partnership with Saint Augustine's College and the North Carolina Association of Community Development Corporations. This training and leadership development program should result in certification and degree programs for current and future board members, staff and administrators of CDCs in North Carolina.

You will be seeing us place greater emphasis on creating jobs through commercial and small business development and business expansion at the community level. Focus groups have been

Dear Colleague
Page Four

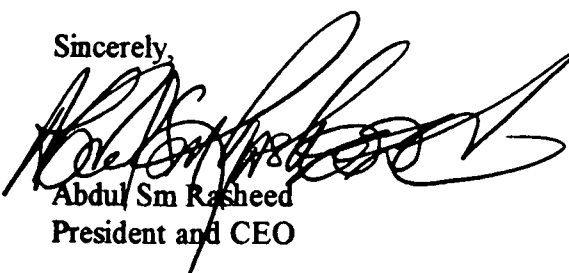
formed on telecommunications, convenience stores, housing manufacturing and franchise opportunities. One of the most successful CDCs is exploring the insurance industry as a service, revenue and job creation strategy in partnership with the Initiative. We will implement our mortgage brokerage service this year as a new service to our partners and their local consumers.

I was moved recently by a statement made by Bud Baker, CEO of Wachovia, which has supported the Initiative since its beginning. Asked about that continuing support, Mr. Baker asked, "What better can we do for the children of our state than to make sure that their parents have good jobs and that those children have a comfortable and safe place in which to live?"

Healthy communities must be safe. The Initiative will support its real estate and commercial development with new efforts to create safe neighborhoods. We will explore ways that CDCs can be more directly involved in job training and placement. Finally, we plan to explore entry points into the burgeoning healthcare industry at the community and neighborhood level.

We are blessed at the Initiative in having one of the strongest public-private partnerships which exists anywhere in this nation. Legislators, state and federal agencies, private foundations, corporations, lending institutions, grassroots leaders, non profit corporations and concerned citizens are all working in concert. This year and beyond represent major challenges and opportunities for improving the quality of life of individuals and families with limited resources across North Carolina. With the support of this partnership and the careful stewardship of the resources made available to us, we are going to make good things happen which, in the long term, will benefit all the citizens of our state.

Sincerely,



Abdul Sm Rasheed
President and CEO

North Carolina Community Development Initiative

Board of Directors

George Esser

Chairman, Initiative Board of Directors
Chapel Hill
Retired Community Development Pioneer

Philip E. Bazemore

Monroe
Member, Monroe City Council

Fannie Corbett

Wilson
Executive Director Wilson Community
Improvement Association

Gregory Cummings

Concord
General Manager, Philip Morris USA

Joyce Dickens

Rocky Mount
Executive Director, Rocky Mount/
Edgecombe CDC

Martin Eakes

Durham
CEO/President, Center for Community
Self-Help

James Grace

Winston-Salem
Executive Director, East Winston CDC

Andrea Harris

Henderson
President, N.C. Institute for Minority
Economic Development

Rep. Howard Hunter, Jr.

Conway
Member, N.C. House of Representatives

Ron Leeper

Charlotte
President, R.J. Leeper Company General
Construction Services

Joseph Kilpatrick

Winston-Salem
Assistant Director, Z. Smith Reynolds
Foundation

William Mann

Winston-Salem
Senior Vice President, and Community
Reinvestment Act Administrator, Wachovia
Corporation

Susan M. Perry-Cole

Rocky Mount
Assistant Secretary of Community Development
N.C. Department of Commerce

Rhonda Raney

Raleigh
President/CEO, The North Carolina Association
of CDCS, Inc.

Ed Stewart

Durham
Executive Director, UDI CDC

Dr. Alton Thompson

Greensboro
Chairman, NC A&T State University Department
of Agricultural Education, Economics,
and Rural Society

Stanley Watkins

Charlotte
Key Business Executive, Neighborhood
Development, City of Charlotte

Hubert Wayne, Jr.

Winston-Salem
Retired Senior Vice President, Wachovia
Corporation

Henry G. Williamson, Jr.

Winston-Salem
Chief Administrative Officer, BB&T Corporation

Winnie Wood

Camden
Retired President, F.P. Wood & Company

North Carolina Community Development Initiative, Inc.		
JOINT APPROPRIATIONS COMMITTEE		
1997 Operating Budget		
November 20, 1997		
		1997 BUDGET
REVENUE		
State of North Carolina		\$1,800,000
Other Revenue Sources		4,828,781
TOTAL REVENUE:		\$6,628,781
EXPENSES:		
Salaries - Administrative Support		297,334
Fringe Benefits	@26% (Note 1)	77,307
TOTAL ADMINISTRATIVE SUPPORT SALARIES:		\$ 374,641
INDIRECT:		
Misc. Building/Parking		5,000
Equipment Lease/Maintenance		16,000
Office Supplies & Miscellaneous		16,000
Postage/Delivery Service		9,500
Telephone/Fax		27,000
Relocation (Office/Employee)		2,500
Capital Additions		30,000
TOTAL INDIRECT:		\$106,000
DIRECT:		
Printing/Marketing		22,000
Printing/Biennial Report		17,000
Travel		30,000
Automobile Lease		5,000
Board Expense		5,000
Legal Services		12,000
Insurance		11,000
Annual Audit		8,500
Memberships/Subscriptions/Ref. Mat.		8,000
Staff Development		10,000
Training/Workshops - Initiative Sponsored		9,400
Consultants		100,000
Contingency		20,000
TOTAL DIRECT:		\$ 257,900
TOTAL OPERATING COSTS:		\$ 738,541
Continued on Page 2		

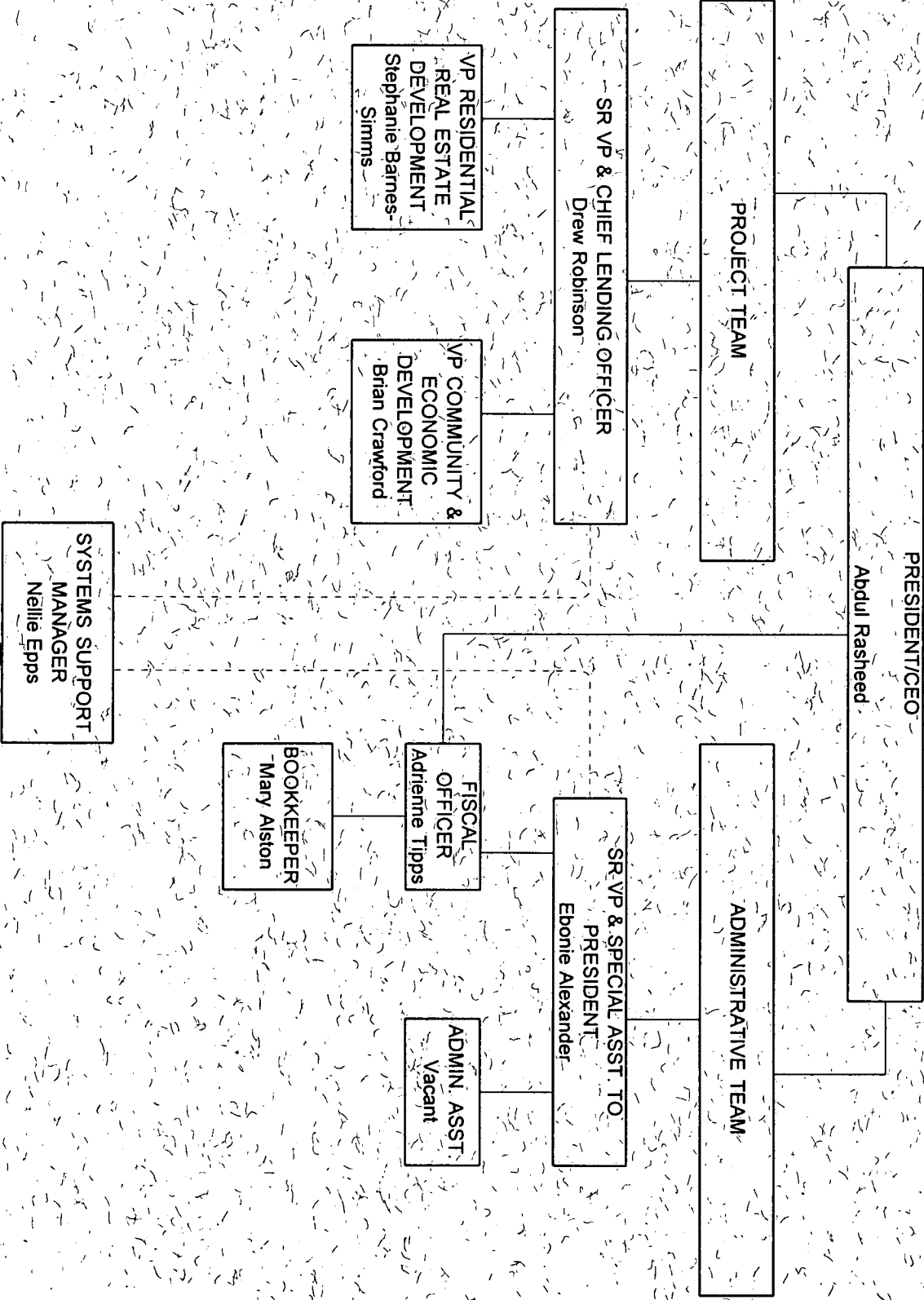
N. C. COMMUNITY DEVELOPMENT INITIATIVE, INC.		
JOINT APPROPRIATIONS COMMITTEE		
1997 OPERATING BUDGET		
November 20, 1997		
Page 2		
		1997
		BUDGET
PROGRAMATIC ACTIVITY - Salaries:		
Technical Assistance Unit	<i>(Includes 26% Fringe Benefits)</i>	205,117
PROGRAMATIC -GRANTS/LOANS, ETC.		
Grants		2,731,350
Internet/E Mail Grants		3,600
Project Loans & Investments		1,500,000
Land Banking/Asset Development		500,000
Bridge Loans		120,000
Opportunity Grants/Spec. Funding		200,000
Project Help		100,000
TOTAL PROGRAMATIC -GRANTS/LOANS, ETC.		\$ 5,154,950
TOTAL PROGRAMATIC EXPENDITURES:		\$ 5,360,067
TOTAL ALL EXPENDITURES:		\$ 6,098,608
BALANCE:		\$530,173
(Note 1:) Fringe Benefits Consist of:		
FICA		
State Unemployment		
Health Insurance		
Life, Long Term Disability, AD&D		
Workers' Comp.		
Retirement		

N. C. COMMUNITY DEVELOPMENT INITIATIVE, INC.			
JOINT APPROPRIATIONS COMMITTEE			
STATE OF NORTH CAROLINA			
1996/1997 Contract			
	PROJECT BUDGET	TOTAL EXPENDITURES (State Funds)	PERCENT TO TOTAL CONTRACT
TOTAL CONTRACT AMOUNT:	\$ 1,800,000	\$ 1,800,000	100%
I. PERSONNEL:			
Administrative Support			
President/CEO	15,000	15,000	0.8%
Sr. VP & Special Assist. to President	10,000	10,000	0.6%
Chief Financial Officer	10,000	10,000	0.6%
Bookkeeper	10,000	10,000	0.6%
Systems Support Manager	7,500	7,500	0.4%
Sr. VP & Chief Lending Officer	1,233	1,233	0.1%
VP Real Estate Development	1,066	1,066	0.1%
VP Community & Economic Dev.	1,066	1,066	0.1%
Total Administrative Salaries:	\$ 55,865	\$ 55,865	3.1%
Fringes Benefits @ 26% (note 1)	14,525	14,525	0.8%
Total Administrative Salary Expenses:	\$ 70,390	\$ 70,390	3.9%
II. EXPENSES:			
Travel	10,000	10,000	0.6%
Postage	2,000	2,000	0.1%
Printing/Dues/Subscrip.	5,000	5,000	0.3%
Supplies/Misc.	2,750	2,750	0.2%
Communications	10,000	10,000	0.6%
Equip/Lease./Maintenance	5,250	5,250	0.3%
Contractual Services	15,000	15,000	0.8%
Total Expenses	\$ 50,000	\$ 50,000	2.8%
Total Administrative Expenses:	\$ 120,390	\$ 120,390	6.7%
III. PROGRAMATIC ACTIVITY:			
Technical Assistance Unit (Note 2)			
Sr. VP & Special Assist. to President	6,000	6,000	0.3%
Chief Financial Officer	3,000	3,000	0.2%
Systems Support Manager	2,550	2,550	0.1%
Sr. VP & Chief Lending Officer	23,500	23,500	1.3%
VP Real Estate Development	19,032	19,032	1.1%
VP Community & Economic Dev.	9,101	9,101	0.5%
	63,183	63,183	3.5%
Fringes Benefits @ 26% (note 1)	16,427	16,427	0.9%
Total Technical Assistance Unit	79,610	79,610	4.4%
Grants/Loans/Investments (Total)	1,600,000	1,600,000	88.9%
Total Programatic Expenditures:	\$ 1,679,610	\$ 1,679,610	93.3%
TOTAL EXPENDITURES:	\$ 1,800,000	\$ 1,800,000	100%
BALANCE (DEFICIT)	\$ 0	\$ 0	
(Note 1): Fringes Benefits Consist of:			
FICA			
State Unemployment			
Health Insurance			
Life, Long Term Disability, AD&D			
Workers' Comp.			
Retirement			
(Note 2): Consists of:			
Sr. VP & Chief Lending Officer @ 95%			
VP Real Estate Development @ 95 %			
VP Community & Economic Dev. @ 95%			
Sr. VP & Special Asst. to President @ 30%			
Chief Financial Officer @20%			
Systems Manager @20%			

N. C. COMMUNITY DEVELOPMENT INITIATIVE			
JOINT APPROPRIATIONS COMMITTEE			
November 20, 1997			
POSITION	SALARY	FRINGE	TOTAL 1996
	1996/1997	BENEFITS @25%	COMPENSATION
		(Note 1)	
President/CEO	74,419	18,605	93,024
Sr. VP & Chief Lending Officer	56,375	14,094	70,469
Sr. VP & Special Asst. to President	46,513	11,628	58,141
Vice President Residential Dev.	48,726	12,182	60,908
Development Officer	45,000	11,250	56,250
Chief Financial Officer	42,000	10,500	52,500
Bookkeeper	30,000	7,500	37,500
Systems Support Manager	27,563	6,891	34,454
Kenan Urban Enterprise Fellowship	40,000	10,000	50,000
(Grant from Kenan \$35,000 Supplementing Salary)			
TOTAL ALL POSITIONS	\$ 410,596	\$ 102,649	\$ 513,245
POSITION	SALARY	FRINGE	TOTAL 1997
	1997/1998	BENEFITS @26%	COMPENSATION
		(Note 1)	
President/CEO	78,140	20,316	98,456
Sr. VP & Chief Lending Officer	59,194	15,390	74,584
Sr. VP & Special Asst. to President	48,839	12,698	61,537
Vice President Residential Dev.	46,000	11,960	57,960
VP Community & Economic Dev.	46,000	11,960	57,960
Chief Financial Officer	44,100	11,466	55,566
Bookkeeper	31,500	8,190	39,690
Systems Support Manager	28,941	7,525	36,466
Kenan Urban Enterprise Fellowship	21,000	5,460	26,460
(Grant from Kenan \$17,500 Supplementing Salary)			
TOTAL ALL POSITIONS	\$ 403,714	\$ 104,966	\$ 508,680
(Note 1:) Fringe Benefits Consist of:			
FICA			
State Unemployment			
Health Insurance			
Life, Long Term Disability, AD&D			
Workers' Comp.			
Retirement			

North Carolina Community Development Initiative

Organizational Chart



PRESIDENT/CHIEF EXECUTIVE OFFICER

The President serves at the will of the Board of Directors, reporting to the Board through the Board Chairperson.

The President/CEO has responsibilities for all affairs and activities of the corporation to include but not limited to;

- Assuring that the vision and mission of the corporation are carried out
- Responsible for all resource development to carryout the affairs of the organization
- Hires and supervises the necessary professional and support staff to reach the goals of the organization. Terminates staff as deemed appropriate
- In consultation with the Board and staff, set short and long term goals for the organization
- Represents the agency in public and private venues
- Executes contracts and or obligations on behalf of the organization
- In consultation with the Board and staff establishes organizations budgets for approval
- Responsible for partnership development
- Responsible for monitoring trends and changes in the industry
- Responsible for the design and management of the Initiative's public policy activities.

SENIOR VICE PRESIDENT & SPECIAL ASSISTANT TO THE PRESIDENT

Overview: Under directions of the President/CEO, the Special Assistant to President assists the President in resource development, external relations and administration of the agency programs and member services activities. Acts on behalf of the President in his/her absence and performs other duties as required. The responsibilities are;

DEVELOPMENT:

- Maintain relations and reporting for Initiatives funders and investor partners,
- Research and cultivate new donor/investor partners and relationships for the Initiative,
- Supervise proposal writing process to external sources
- Coordinate public relations between the Initiative and the local CDCs
- Develop relationships with corporations and others for indirect or in-kind investment support
- Participate in analytical and creative thinking as a means to explore new trends and opportunities for the CDC industry and Initiative.

EXTERNAL RELATIONS

- Support the President/CEO in developing and maintaining relationships,
- Conduct non project specific CDC trainings, including facilitating retreats when deemed appropriate by the President
- Act as a liaison with organization members, government, private sector, and public policy makers
- Represent the Initiative in a variety of different forums
- Assist the President in the design and management of the Initiative's public policy activities
- Staff Board and other committees assigned by the President
- Manage special events and or projects

ADMINISTRATIVE

- Assist the President in establishing and implementing agency goals and objectives consistent with Board policy
- Recommend revised or new administrative policies, plans and procedures
- Work with other staff to manage grant relationships and advise the President on same on an on going basis
- Assume administrative responsibility for the agency in the absence of the President
- Performs other task and assignments as determined by the President

SENIOR VICE PRESIDENT and CHIEF LENDING OFFICER

Job Overview: Under the direction of the President/CEO, works as a member of the project team with lead responsibility for the oversight of all proposed lending and or investments. Advises on financial feasibility and performs financial analysis with specific responsibility for loan packaging for commercial enterprises and small businesses. Seeks to create new opportunities and innovative opportunities for commercial ventures.

Responsibilities:

- Aid the Initiative in identifying, determining the feasibility of, and developing commercial real estate and business ventures
- Assist in developing lending or investment programs and to underwrite loans/investments of such programs
- Identify other, complementary funding sources for commercial deals, and develop relationships with those investors
- Seek new, creative and innovative ways of meeting the needs of our partners and expanding our resource base
- Work with other staff to manage grant relationships and advise President on same on an on going basis
- Provide technical assistance to grantees and other local partners
- Conduct project specific training for the CDC community
- Direct interns and or fellows assigned to commercial and or small business enterprise development
- Staff Board committees as determined by President
- Lead advisor and consultant to President on lending
- Performs other task and assignments as determined by the President.

VICE PRESIDENT FOR RESIDENTIAL REAL ESTATE DEVELOPMENT

Job Overview: Under the direction of the President/CEO, the Vice President for Residential Real Estate works as a member of the project team with lead responsibility for developing and maintaining an active portfolio of residential real estate deals and opportunities.

Responsibilities:

- Analyze real estate proposals for new construction and rehabilitation, funding, financing, closing and post closing activities
- Design home ownership models
- Seek new, creative and innovative ways of meeting the needs of our partners and expand our resource base
- Act as the President's primary advisor on residential real estate issues
- Maintain a working knowledge of federal, state, local and private resources for residential real estate development
- Maintains lead responsibility for monitoring and reporting on grantee's performance under the annual contractual agreement
- Provide technical assistance to grantees and other partners
- Conduct project specific training as determined appropriate
- Direct interns and or fellows assigned to the Initiative within the scope and responsibility area of this description
- Maintain and expand relationships with current partners and develop new partners
- Staff Board committees as assigned by the President
- Perform other task and assignments as determined by the President.

VICE PRESIDENT FOR COMMUNITY & ECONOMIC DEVELOPMENT

Job Overview: Under the direction of the President/CEO, works as part of the project team with responsibility for small business financial feasibility and early review and consultation on community economic development projects. Advise on financial feasibility and analysis that support proposed loan or investment. Develop and implement an effective use of the Initiative's Mortgage Bankers Certificate. Act as the organization's Equal Opportunity Officer.

Responsibilities:

- Research opportunities for development models
- Aid the Initiative in identifying, determining the feasibility of, and developing commercial real estate and business ventures
- Assist in developing lending or investment programs and to underwrite loans and or investments of such programs
- Identify other, complementary funding sources for commercial or residential real estate deals, and develop relationships with those potential new investors
- Work with other staff to manage grant relationships and advise President on same on an on going basis
- Provide technical assistance to grantees and other local partners
- Conduct project specific training for the CDC community
- Direct interns and/or fellows assigned to the Initiative within the scope and responsibility area of this description
- Maintain and expand relationships with current partners and develop new partners
- Seek new, creative and innovative ways of meeting the needs of our partners and expand our resource base
- Staff Board committees as determined by President
- Perform other task and assignments as determined by the President.

FISCAL OFFICER

Job Overview: Under the direction of the President and supervision of the Senior Vice President, the Fiscal Officer shall perform professional level internal fiscal operations and manage the financial activities of the agency.

Responsibilities:

- Manage the day-to-day fiscal affairs of the agency
- Assist in the negotiation, development, execution, performance and monitoring of contracts, fringe benefits and equipment purchases
- Administer employee benefits packages
- Maintains staff benefits vacation, sick and holiday balances
- Advises the President on fiscal and financial matters
- Provides limited technical assistance to the CDC community
- Member of the staff grant review committee
- Staff board committees as determined by the President
- Performs other task and assignments as deemed necessary.

SECRETARY/BOOKKEEPER

Job overview Under the direction of the Senior Vice President, the secretary/bookkeeper will provide, clerical, bookkeeping and administrative support to the administrative team.

Responsibilities:

- Act as secretary to the administrative team
- Coordinate both incoming and outgoing correspondence
- Create and maintain specific files
- Arrange meetings for the BOD and staff
- Administer the accounts payable under the direction of the fiscal officer
- Performs other related task as deemed necessary.

SYSTEMS MANAGER

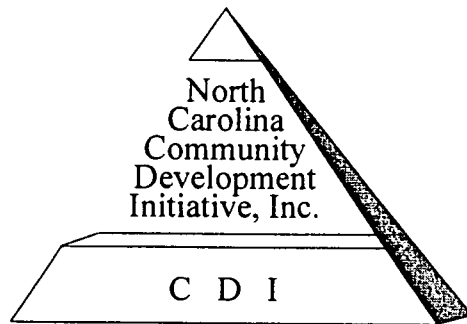
Job Overview Under supervision of the Senior Vice President, the systems manager provides computer, clerical, and equipment support for the Initiative.

Responsibilities

- Provides clerical and general office support for the project team
- Performs a range of moderate tasks including data entry, word processing and other related work as requested
- Maintains client data base
- Make recommendations about equipment needs and purchases
- Maintains office inventory of supplies and equipment
- Maintain weekly computer back-ups
- Coordinates both incoming and out going correspondence
- Provides limited technical assistance
- Performs other related task when deemed necessary.

North Carolina Community Development
Initiative, Inc.

Grant and Financing Programs



For CDCs Throughout the State of North Carolina

Mailing Address:
P. O. Box 98148 • Raleigh, NC 27624
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Grant Programs

Operational Funding Grant Program

Purpose: To provide stable operational support for core staff of selected CDCs, allowing them to reach maximum development potential, thereby increasing the production of housing, small businesses, jobs and other goods and services to their targeted communities.

Eligible Grantees: CDCs throughout the state of North Carolina which meet the following criteria:

- ◆ must have been in business for at least three (3) years,
- ◆ must be granted tax exempt status by the IRS,
- ◆ must have had at least two (2) audits, and
- ◆ must have at least one project well underway (have financial commitments).

For the purpose of this program, CDCs are defined as community controlled, 501(c)(3) non-profit organizations that have a comprehensive mission and track record of trying to empower its local constituency through community economic development activities. These activities should include, but are not limited to, commercial and real estate development, including home ownership; small business development, retention, and expansion; capital formation, including building and administration of loan funds, equity pools, credit unions, etc.; job training and public policy/community education.

Use of Funds: CDC operational expenses.

Grant Amount: Up to \$150,000 per year.

Contact: Vice President for Residential Real Estate Development

Opportunity Grant Programs

Special Funding

Purpose: To support special projects that will have strategic impact on the CDC community.

Program Funding: \$200,000

Proposals Due: Requests will be considered quarterly. All requests must be solicited by staff.

Grant Amount: The staff and loan review committee will consider requests up to \$50,000; requests above \$50,000 will be considered by the full Board at its quarterly meetings.

Contact: Senior Vice President and Chief Lending Officer -or-
Senior Vice President & Special Assistant to the President

Capital Grants Category

Purpose: The goal of this program is to help CDCs increase their net worth position and strengthen the long-term sustainability of mature CDCs in North Carolina.

Applicants: Initiative CDCs in good standing

Grant Amount: Up to \$50,000 per CDC

Requirements: An applicant CDC must raise a matching Capital Grant on at least a \$1.00 for \$1.00 matching basis. There is no restriction on the source of the matching grant although it is preferred that it be a new, external source of funds leveraged by the "challenge nature" of the Initiative grant. No funds will be released until an unconditional commitment is obtained for the match. The applicant must also demonstrate that its operating sources of funds meet or exceed its operating uses of funds for the current year and that this is anticipated to continue for at least two years following the Capital Grant.

Use of Funds: The Capital Grant and its match can be invested in a project that meets the Net Worth test (see below) or maintained in a cash account to be used as equity for future projects. In no event should this funding be used for operational purposes.

Net Worth: If the Capital Grant is invested in a real estate project or business venture, an appraisal must demonstrate that the investment will add to the CDC's net worth (net funds balance) an amount equal to at least twice the Initiative grant. It is assumed that: $\text{Net Worth} = \text{Project Appraised Value} - \text{Project Debt}$. For example, if the Initiative grants \$50,000, Foundation X grants \$75,000, and Bank Y lends \$100,000 to develop a community center and office building - then the project must be shown through an appraisal to have a market value of at least \$200,000 to generate a \$100,000 increase in net worth.

Application Due: Capital Grant applications will be accepted on a rolling basis and awards will be made subject to the attainment of a match. The match source must be identified at the time of application and a commitment received within six months of the Initiative commitment.

Contact: Senior Vice President and Chief Loan Officer -or-
Vice President for Community & Economic Development -or-
Vice President for Residential Real Estate Development -or-



Financing Programs

Gap Financing Program

Purpose: To provide flexible loans or credit enhancement for a wide range of projects that will compliment the financing offered by other lenders and investors and will complete or bring near completion the financing arrangement for a particular project.

Eligible Borrowers: All community-based, non-profit CDCs are eligible, including certain partnerships, joint ventures, and corporations in which the CDC has meaningful participation.

Eligible Projects: Single-family and multi-family housing, office space, retail space, industrial space, restaurants, plant and equipment, child care facilities, and incubators.

Use of Funds: Single-family housing: acquisition/development and construction financing. All others: permanent financing.

Loan Amount: Up to \$200,000

Interest Rate: 3%

Commitment Fee: 1% of the loan amount, which is refundable at loan closing.

Legal Fees: The Initiative's legal fees will be paid from the project budget.

Term/Amortization: Not to exceed seven (7) years and twenty (20) years, respectively.


Security: Loans will be secured and a guarantee from the sponsoring CDC will be required.

Applications Due: Applications will be accepted at any time except for loan requests over \$100,000 which are accepted and acted upon in cycles. Application due dates: Please call for additional information.

Technical Assistance: In order to ensure that a complete application is submitted, it is urged that the applicant consult with the Initiative's staff when considering making application to this program and while preparing the actual application. Submittal of an incomplete application may result in delay or rejection for a particular application cycle.

Limited Funds: In the case where limited funds are available for this program, first priority will be given to Initiative CDCs.

Contact: Senior Vice President and Chief Lending Officer -or-
Vice-President for Residential Real Estate Development -or-
Vice-President for Community Economic Development



Bridge Loan Program

Purpose: To fund the emergency needs of Initiative CDCs where unanticipated causes or events have created a cash flow crisis, but where management of CDC is strong and a source of repayment exists.

Funding: Funding for the Program is to be provided from bank deposit interest income.

Loan Amount/Term: Up to \$40,000 and 12 months, respectively.

Interest Rate: 0%

Contact: Senior Vice President and Chief Lending Officer

Real Estate Optioning and Land Banking

Purpose: The purpose of the program is to gain site control of either land or improved real estate. In the case of an option, this may allow time to complete due diligence or to allow funders time to reach funding decisions. In the case of land banking, land or improved real estate is purchased for future development where evidence exists that critical property may be unavailable for purchase in the future at an affordable price.

Eligible Applicants: Initiative CDCs in good standing.

Eligible Project: Raw land or improved real estate that can be shown to support economically viable development or redevelopment.

Options: Five percent of the purchase price of the property up to \$25,000 can be borrowed interest-free to secure an option where economic viability is highly likely and can be documented in an application. The loan is repaid at the time of acquisition.

Land Banking: Up to \$100,000 can be borrowed interest-free to acquire real estate for future development or redevelopment where there is significant risk that critical property may be unavailable for purchase in the future at an affordable price. Additional prudent borrowing is permissible where the Initiative is in the first lien position. The maximum loan term is four years and the loan must be repaid before land development commences. Also, \$100,000 can be borrowed as a bridge loan to acquire real estate where a committed takeout exists. The maximum loan term is one year.

Legal Fees: The Initiative's legal fees will be paid by the borrower.

Application: Applications will be accepted at any time.

Contact: Senior Vice President and Chief Lending Officer -or-
Vice-President for Residential Real Estate Development -or-
Vice-President for Community Economic Development



First Citizens Bank Agreement

Background: First Citizens Bank & Trust Company (FCB) and North Carolina Community Development Initiative (NCCDI) have entered into an Agreement. The Agreement will give NCCDI sponsored CDCs an opportunity to participate in a financing program offered by FCB designed to benefit NCCDI CDCs. FCB will pay NCCDI sponsored CDCs a fee for every project agreement between a CDC and FCB.

Eligible Borrowers: North Carolina Community Development Initiative sponsored Community Development Corporations.

Eligible Projects: Affordable housing (including multi-family rental housing) and community development projects.

Loan Type: Construction financing; permanent mortgages are not a part of the Agreement but are desired and can be negotiated on a case by case basis.

Interest Rate: Variable interest rate of the Bank's Prime Rate less 2%.

Repayment: The principal and interest for each loan shall be due and payable in full; in accordance to terms agreed upon by Bank and CDC.

Contact: Senior Vice President and Chief Lending Officer -or-
Vice-President for Residential Real Estate Development -or-
Vice-President for Community Economic Development

Project Help Program

Purpose: The Initiative wishes to assist emerging CDCs in completing their first project. While this alone would not guarantee entrance into the Initiative, it would position emerging CDCs to submit a strong application. The Initiative is prepared to support an emerging CDC in advancing such a project by offering a project loan. This loan is conditioned to the Initiative's approval of the project, the CDC's demonstration of utilizing all other available funding resources, and any board of director training or staff enhancement the Initiative deems necessary.

Program Funding: \$100,000

Eligible Borrowers: Emerging CDCs only

Eligible Projects: Housing, commercial real estate, and small business.

Use of Funds: To pay for land options and soft costs associated with predevelopment activity.


Loan Amount: Up to \$30,000 **Interest Rate:** 0%

Commitment Fee: None

Term: One (1) or two (2) years

Security: Loans will be unsecured

Contact: Senior Vice President and Chief Lending Officer -or-
Vice-President for Residential Real Estate Development -or-
Vice-President for Community Economic Development



The Initiative Revolving Loan Fund

Purpose: To provide reliable access to financing for low-income housing development for Initiative CDCs working to solve critical housing problems in urban and rural North Carolina communities.

Eligible Borrowers: Initiative CDCs.

Eligible Projects: Single family, duplexes, triplex, and fourplex housing.

Use of Funds: Single-family/multi-family housing acquisition/development, construction and predevelopment expenses. This is not permanent financing.

Loan Amount: Minimum: \$ 15,000.00
Maximum: \$100,000.00

Application Fee: \$1000.00 or 1% of loan whichever is lesser.

Interest Rate: 3%

Commitment Fee: None

Legal Fees: The Initiative's legal fees will be paid from project budget.

Term: Not to exceed five (5) years. CDC must report quarterly the status of loan funds and progress of project.

Amortization: None, the mortgage payment will be interest only and principal will be allowed to revolve.

Security: Collateral, Deed of Trust Lien. In addition, loans may be secured and guaranteed by applicant.

Applications: Anytime

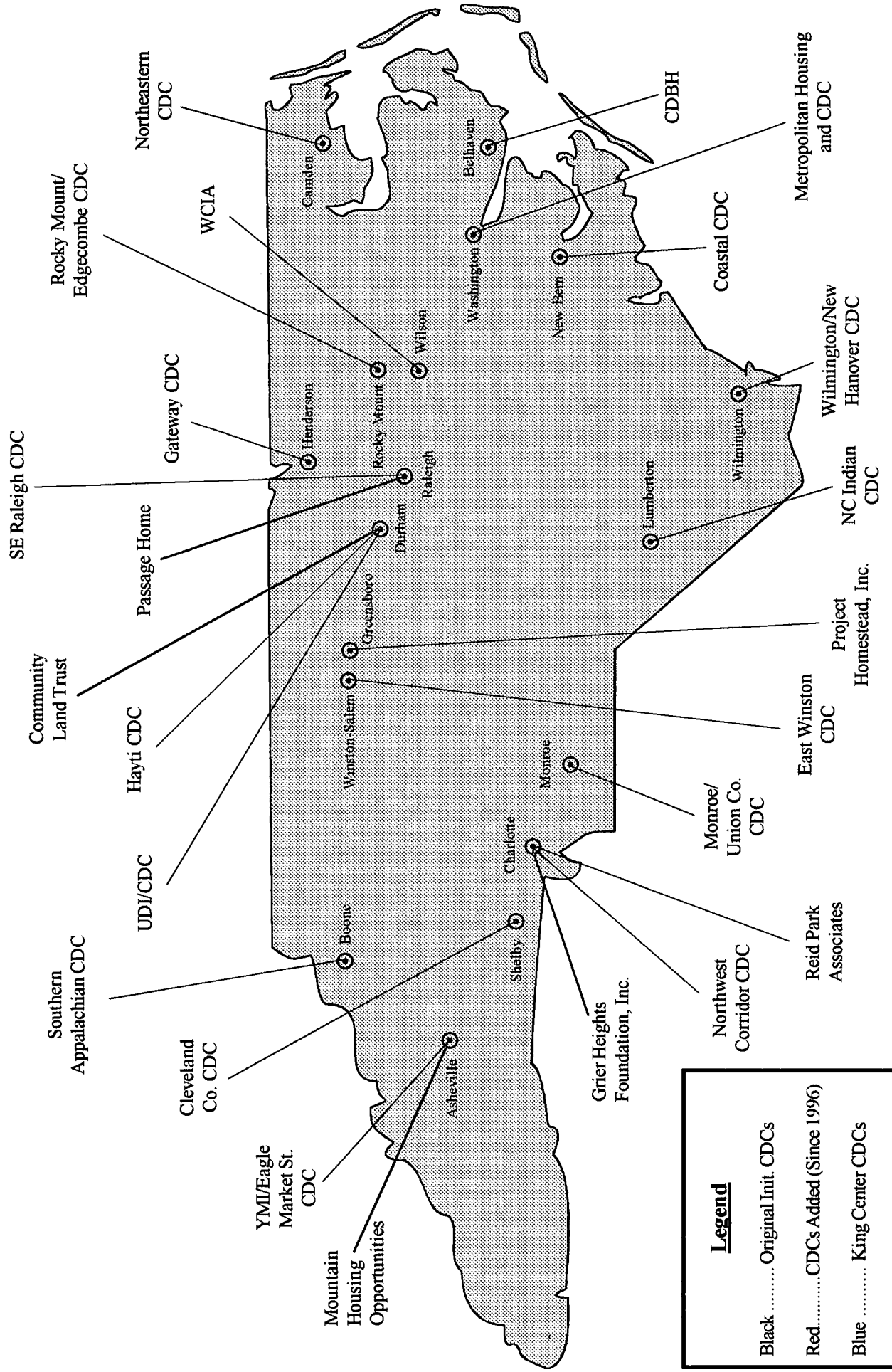
Contact: Vice-President for Residential Real Estate Development

Latest Revision: 7-22-97

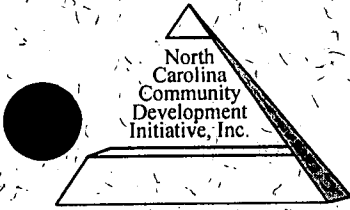
1997 GRANTEES

<u>Organization</u>	<u>Amount</u>
Cleveland County CDC • Shelby	\$ 120,000.00
Coastal CDC • New Bern	120,000.00
Community Developers of Beaufort/Hyde • Belhaven	150,000.00
Durham Community Land Trustees, Inc. • Durham	116,000.00
East Winston CDC • Winston-Salem	75,000.00
Gateway CDC • Henderson	150,000.00
Grier Heights Economic Foundation, Inc. • Charlotte	130,000.00
Hayti CDC • Durham	150,000.00
Metropolitan Low Income Housing • Washington	150,000.00
Monroe-Union County CDC • Monroe	150,000.00
Mountain Housing Opportunities • Asheville	125,000.00
Northeastern CDC • Camden	147,700.00
Northwest Corridor CDC • Charlotte	52,650.00
Passage Home • Raleigh	150,000.00
Project Homestead • Greensboro	150,000.00
Reld Park Associates • Charlotte	120,000.00
Rocky Mount/Edgecombe CDC • Rocky Mount	150,000.00
Southeast Raleigh CDC • Raleigh	150,000.00
UDI • Durham	150,000.00
Wilson Community Improvement Association • Wilson	150,000.00
Wilmington/New Hanover CDC • Wilmington	75,000.00
Total Grants	<u>\$2,731,350.00</u>

INITIATIVE CDC STATEWIDE LAYOUT



Production for Initiative CDCs									
date: 2/13/97	1991	1992	1993	1994	1995	1996	91-96	97-01 Projected	
Total Fixed Asset Value of CDC Projects	\$ 3,020,450	\$ 4,165,041	\$ 4,998,587	\$ 15,521,661	\$ 22,513,574	\$ 17,548,006	\$ 67,767,319	\$ 126,913,664	
Single Family Units: New and Rehab	8	41	79	90	205	146	569	1,112	
Value of Single Family Homes	\$ 444,000	\$ 2,343,765	\$ 4,651,516	\$ 5,458,171	\$ 12,805,476	\$ 9,393,598	\$ 35,096,527	\$ 70,325,880	
Value of Single Family Home Mortgages	\$ 412,920	\$ 2,179,701	\$ 4,325,910	\$ 5,076,099	\$ 11,909,093	\$ 8,736,046	\$ 32,639,770	\$ 65,403,068	
Development Fees of Single Family Homes	\$ 24,000	\$ 127,100	\$ 252,800	\$ 297,000	\$ 697,000	\$ 511,000	\$ 1,908,900	\$ 3,826,901	
Housing Land Acquired (acres)	27	6	18	56	119	31	257	474	
Value of Housing Land Acquired	\$ 459,000	\$ 105,060	\$ 324,635	\$ 1,040,276	\$ 2,276,904	\$ 606,011	\$ 4,811,886	\$ 9,132,972	
Multi-Family Units: New and Rehab	38	36	-	104	205	129	512	1,058	
Commercial Real Estate (sq.ft.)	2,840	12,500	-	30,730	72,570	46,292	164,932	376,551	
Full-Time Construction Jobs Created	48	67	80	248	360	281	1,084	2,031	
Jobs Created from Comm. R. E. Dev.	7	31	-	77	181	116	412	941	
Full-Time Jobs Created: All Development	78	137	112	455	758	555	2,095	4,161	
Loan Pools Established by CDCs	\$ 200,000	\$ 200,000	\$ 387,000	\$ 250,000	\$ 1,320,000	\$ 3,185,000	\$ 5,542,000	\$ 14,271,680	
Micro-Loans Originated by CDCs	22	21	51	12	12	17	135	92	
Home Ownership Counseling (# persons)	375	858	1,530	1,436	2,445	2,003	8,647	14,091	
New Real Estate Taxes Generated by CDCs	\$ 36,849	\$ 51,647	\$ 62,982	\$ 198,677	\$ 292,676	\$ 231,634	\$ 874,466	\$ 1,660,996	



North
Carolina
Community
Development
Initiative, Inc.

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President and CEO

Abdul Sin Rasheed

Board of Directors

*George Esser, Chairman
Chapel Hill, NC*

*P.E. Bazemore
Monroe, NC*

*Fannie Corbett
Wilson, NC*

*Gregory A. Cummings
Concord, NC*

*Joyce Dickens
Rocky Mount, NC*

*Martin Eakes
Durham, NC*

*James Grace
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Durham, NC*

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Conway, NC*

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Raleigh, NC*

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Winston-Salem, NC*

*Henry Williamson
Winston-Salem, NC*

*Winnie Wood
Camden, NC*

We are pleased to have this opportunity to report to the Joint Appropriations Committee that the North Carolina Community Development Initiative continues to have a positive impact on the organizational capacity of the CDCs that we serve and in the communities and neighborhoods where those CDCs work. For the fourth consecutive year, our independent audit revealed sound and prudent fiscal practices and controls with no management letter. We continue to leverage the State's investment to attract other investor partners. Together with our partners, we have placed \$15 million of grants, loans and equity into 21 communities across the State.

Krispy Kreme Donut Corporation produced a 26 minute video of our work and that of our partner CDCs that will be used to attract new investor partners. Our second Report To The People of North Carolina will be completed and distributed in late December. A draft copy of the report is attached.

BOARD and GOVERNANCE

The Initiative's board of directors continues to be engaged in the activities of the organization. In 1996 and 97 the board held annual retreats facilitated by independent consultants, designed to review their effectiveness as a board and assess the programmatic progress of the Initiative. As a result of these retreats, the Board has revised the bylaws, successfully recruited and elected seven (7) new members and developed a working framework for the future. The Board continues to have a functioning committee structure. Recommendations for both the grant making and lending programs are made at the committee level, before being passed up to the full Board for approval. Attached is the current list of board members.

During 1997 and 98 the Board will complete a new strategic plan that will guide the organization through the year 2004. The Board will expand efforts to increase our investor base by continuing to leverage the State's investment and develop innovative ways of delivering our services to the community while continuing to be the beacon light that not only responds to our communities needs but also positions them for the future.

ADMINISTRATIVE

We continue to remain a lean organization with a small administrative staff. Our overall administrative budget is 11% of our overall operating cost. We currently spend 6.7% of the State's investment for administrative cost. In July 1996 we moved into 10,333 sq. ft. of office space donated by BB&T for one dollar per year. Additionally, BB&T donated the furniture for the offices. The space and furnishing represents a direct investment of \$242,903. This space is being shared by three of our sister organizations at no cost. Each of these organizations has been able to realize some administrative savings by sharing some of our common cost, receptionist, copying equipment, mail service, etc... This arrangement between BB&T and the Initiative will end in July 1999. Job descriptions, and an organizational chart are attached.

There are no plans for expansion during 1998. We will continue to invest money in improved technology and in training our staff.

PROGRAMMATIC ACTIVITIES

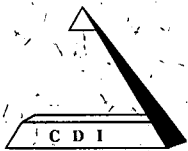
The Initiative has five basic program activities which are supported by a 5 1/2 member project technical assistance team, Core Operating Support Grant, Financing Programs, Technical Assistance, Project Trainings and Human Capital Development. These programs represent 88.9% of our total operating budget.

I. **Core Operating Support Grant** program make grants through a competitive process to mature CDCs of up to \$150,000. These grants are intended to build the capacity and increase productivity of the local CDC by providing a stable source of core operating support. We are currently invested in 21 communities around the state, with grant support totaling \$2,441,808 in 1996 and \$2,731,350 in 1997.

In 1998, we will be invested in up to 22 communities. The decision to increase or decrease the number of CDCs that our human and financial resource can support will be a part of the Board's strategic planning process.

II. **Financing Programs** are various loan and financing tools that are designed to be an affirmative response to the identified needs of the CDC community. These products are industry driven and range from "Gap Financing" to capital and equity building loans. As a rule, these products are available to the entire CDC community in the state. To date, we have committed \$744,000 in loans.

During 1998, this program will continue to operate in its current form, responding to the needs of our constituency.



III. **Technical Assistance**, is the anchor in which all of our programmatic activities are based. This program is available to the entire CDC community statewide. Our TA staff is designed to provide technical assistance to an organization from issues of board governance, organizational management to project specific issues from concept to lease up and or sale. This TA is hands-on and is available to the entire CDC community with first preference given to Initiative grantees.

As the number of grantees increases and the complexity of their project activity increases, we expect that there will be increased demand for technical assistance. There are no plans for change in this program during 1998.

IV. **Training** programs are usually project specific and are designed to meet some identified need of the grantees. These one day trainings are provided on an as needed basis, limited to grantees, depending on space. Trainings are scheduled quarterly. There are no plans to change this program in 1998. We have attached descriptions of each of these programs, list of grantees with complimenting map, and production numbers for 1997.

V. **Human Capital Development** program is a new program in 1997 designed as a partnership between St. Augustine's College, the NC Association of CDCs and the Initiative. This program has two very specific tracks. The first track is a Life Long Learning System of certificate programs that are designed for those currently working in the field. In September, we offered a Cost Allocation Tools for Nonprofit Management, certificate course to 35 individuals, each receiving 2.5 continuing education units. The second track, is the development of an undergraduate degree program in community economic development. This will be the first undergraduate program on the east coast offering an undergraduate major in community economic development.

During 1998 program planning will continue. The Life Long Learning System will be fully developed during 1998. The first classes in the new degree program are slated to begin in academic year 98/99.

LAND LOSS
PREVENTION
PROJECT

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HANDOUTS

TO THE

JOINT HOUSE AND SENATE APPROPRIATIONS SUBCOMMITTEE

ON NATURAL AND ECONOMIC RESOURCES

FROM THE

LAND LOSS PREVENTION PROJECT

December 20, 1997

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STAFF AND OFFICES	5

☐ Eastern Carolina

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A member of:

NORTH CAROLINA
COMMUNITY
SHARES

LAND LOSS PREVENTION PROJECT

PROJECT'S PURPOSE AND ACTIVITIES

The Land Loss Prevention Project specializes in providing free legal assistance to financially distressed family farmers and its attorneys have the requisite expertise in agricultural law, debtor/creditor laws and farm management. The organization was founded in 1983 to address the legal and economic problems associated with the rapid decline in the number of small farmers and minority landowners in North Carolina.

PROJECT'S PROGRAM DESCRIPTIONS

LEGAL ASSISTANCE - Provides legal assistance and representation that includes advice and counsel, negotiation of repayment plans and assistance to keep the farmer in business and/or to save the homestead. Other legal options include: negotiation of farm loans with the Farm Service Agency (formerly Farmers Home Administration), Farm Credit System banks and private banks; acquiring primary loan servicing, net recovery value buyout, preservation loan servicing, debt restructuring, debt settlement, right of first refusal, family farmer reorganization bankruptcy, federal crop insurance, and federal disaster assistance; and cooperative development. Representation is provided before federal agencies and in state and federal courts.

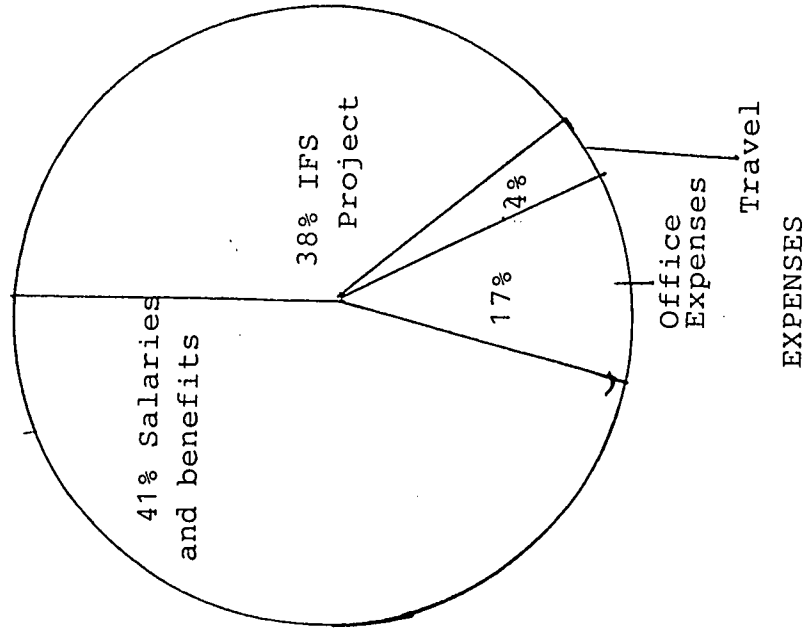
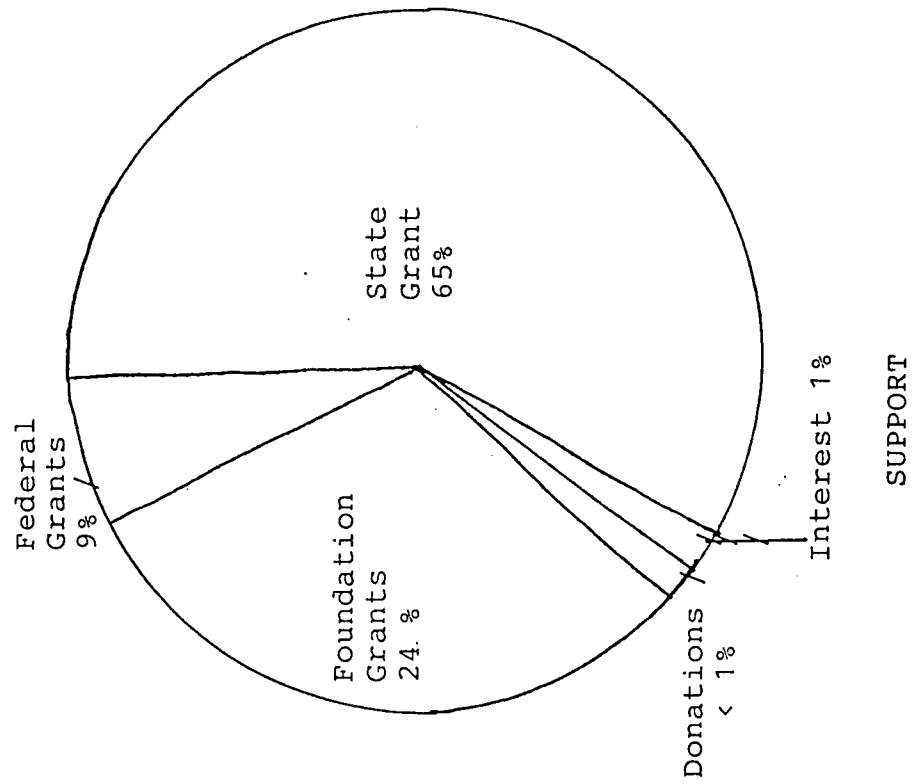
COMMUNITY EDUCATION - Conducts workshops and provides speakers for community groups, professional associations, and churches on issues such as resolving problems with federal farm loans, landowner rights, organizing farmers cooperatives or rural community development corporations, federal sustainable agriculture and conservation programs, and estate planning. In addition provides legal education to non-attorneys on ways to prevent the loss of land.

TRAINING AND TECHNICAL ASSISTANCE - Provides training and technical assistance in agricultural law to other attorneys handling farm loss cases -including 400 North Carolina attorneys who volunteer to take case referrals from LLPP, some at no fee to the client.

SUSTAINABLE AGRICULTURE - Administers a sustainable agricultural project consisting of the state's two land grant universities, four nonprofit organizations, and four local communities, to promote sustainable agriculture, sustainable economic development, and integrated farming systems in North Carolina by forging partnerships between farmers, rural communities, grassroots and non-government organizations, and university researchers. Key to this project are the comprehensive farming and community economic development activities initiated by the four local community sites. The work being done at the community sites is slated to be duplicated in other North Carolina communities. This Integrated Farming Systems Project is funded by a grant from the W. K. Kellogg Foundation.

LAND LOSS PREVENTION PROJECT

1997-98 Budget Charts



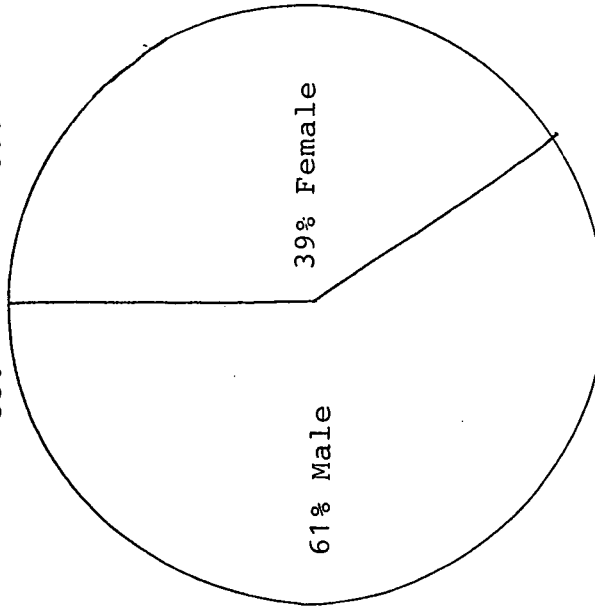
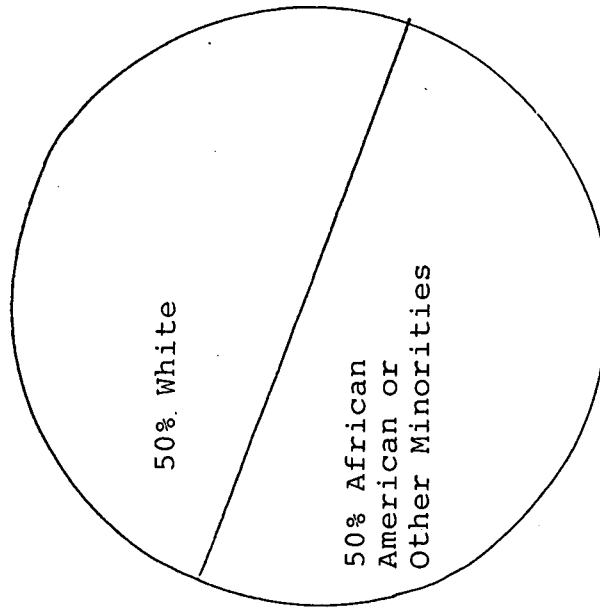
LAND LOSS PREVENTION PROJECT

HISTORY OF STATE FUNDING -- NON RECURRING FUNDS

YEAR	1990	1991	1992	1993	1994	1995	1996	1997
FUNDING	\$100,000	\$300,000	\$300,000	\$300,000	\$300,000	\$275,000	\$275,000	\$350,000

CASELOAD AND CLIENTAL

YEAR	1993/94 Actual	1994/95 Actual	1995/96 Actual	1996/97 Current	1997/98 Anticipated
CASES OPENED*	668	547	550	530	600



* Some cases require 200 to 300 attorney hours to reach a successful conclusion

**LAND LOSS PREVENTION PROJECT
STAFFING AND OFFICES**

**PROJECT'S STAFF
Number & Position**

	1994 Actual	1995 Actual	1996 Actual	1997 Current	1998 Anticipated
Executive Director	1	1	1	1	1
Managing Attorney	1	1	1	1	1
Staff Attorneys	2	3	3	1	2
Development Director	1	1	1		
Legal Assistants					2
Administrative Assistant	1	1	0.5		
IFS Project Director*	1	1	1	1	
Office Manager**			0.5	1	
Administrative/Financial Officer					1
Total Number of Staff	7	8	8	5	7

51

*IFS = Integrated Farming Systems Project

**Office Manager position created after Administrative Assistant departed from the program

PROJECT'S OFFICES

Location	1994 Actual	1995 Actual	1996 Actual	1997 Current	1998 Anticipated
Durham (Main Office)	Open	Open	Open	Open	Open
Ahoskie***	Open	Open	Open	Closed	Re-Open
Wilson***	Open	Open	Open	Closed	Closed

***Local offices are staffed by an attorney only.

The North Carolina Coalition of Farm and Rural Families, Inc.

**Prepared for
The North Carolina Department of Commerce
E. Norris Tolson, Secretary**

**by
Dr. Carolyn A. Prince, Executive Director
The North Carolina Coalition of Farm and Rural Families, Inc.
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**(910) 860-9948
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NC Coalition of Farm and Rural Families

SUMMARY

Program activities:

- renovated Carolina Packing Shed
- planned construction of cold storage room at Shed
- provided technical assistance for vegetable production
- provided marketing assistance for sale of produce
- negotiated meeting of small farmers and major processing firm
- collaborated with land-grant institution for technical assistance
- provided stipends for professional development meetings
- introduced new variety through farm field test
- introduced greenhouse project
- planned cooperative training with stipend
- planned youth agricultural career awareness project
- proposed survey to identify NC women farmers and their needs
- proposed survey to identify the needs of tenant farmers
- developed brochure for community distribution

MISSION STATEMENT

The North Carolina Coalition of Farm and Rural Families, Inc. is a nonprofit organization that advances self-economic development and a higher standard of living for minority and limited resources farmers and rural families in North Carolina by

- promoting efficient use of resources,
- providing technical and marketing assistance,
- fostering honest and ethical growth and development, and
- strengthening the leadership and capacity of farmers and rural families to create sustainable enterprises.

PROGRAM ACTIVITIES

During the first quarter of the 1997-98 year, The Coalition planned and implemented economic development activities and programs that strengthen its ability to provide technical and marketing assistance to its constituents. The first objective was to renovate the Carolina Harvest Packing Shed. This facility, located in Rose Hill, provides area growers with a central location to have their produce graded, packed, hydrocooled and shipped. A refrigerated tractor trailer truck was purchased for transporting fresh, chilled produce to market destinations. After extensive repairs to the commercial icemaker, bulk ice is now available. The last phase of the renovation includes construction of a cold storage room. This facility will be in operation by spring 1998 and will enable growers to store perishable produce under ideal conditions until shipment.

Growers' meetings and workshops were held to provide technical and marketing assistance for vegetable grown in the summer and fall seasons. Preliminary reports indicate more than 500 acres were planted. Many of the growers marketed their vegetables through direct sales at farmers markets and roadside stands and wholesale to regional buyers and retail stores.

As The Coalition continues to develop comprehensive marketing strategies to identify markets for value-added products and non-traditional items, it recently negotiated a meeting with a small group of farmers and a sweet potato processing firm. The growers are looking for a crop to integrate into existing farm plans without competing for labor and equipment; sweet potatoes fill this requirement. Plans are underway for preliminary production acreage in 1998. Another group of farmers toured a production site and met with representatives of a major vegetable processor to discuss the feasibility of contracts for leafy green vegetables.

The Coalition partners with and supports a variety of entities to develop and deliver comprehensive marketing and production strategies to its constituents. NC A&T State University presented a farm safety workshop this summer and will co-sponsor an irrigation demonstration next spring. Our growers will attend the NC Vegetable Grower's Expo and the NC Greenhouse Grower's tours and workshops. The Coalition

will co-sponsor and participate in the Southeast NC Sustainable Organic Growers School in March 1998.

Regional market requests for winter squash (acorn and butternut) prompted us to establish a two-acre on-farm field test to introduce these vegetables to area farmers. While many grow summer squash, they had no experience with these winter varieties. The market demand, production requirements and budget data will be an invaluable resource to the growers as they make plans for 1998. In addition, The Coalition will sponsor additional on-farm field tests in 1998. These tests will provide hands-on experiences with new crops and varieties, demonstrate appropriate irrigation practices for small growers, and provide data for development of budgets for small-scale production.

Extending the production season and having the capacity to market an out of season commodity increases farm income. The Coalition's twenty five hundred square foot green house is the site for a Greenhouse Tomato Project at the Carolina Harvest Packing Shed. This project, although just being established, is generating interest not only for winter tomatoes but other crops such as vegetable transplants and annual bedding plants. As a new enterprise, the most limiting factor other than costs for construction and start-up equipment is heating the crop during the winter months. Our project specialist will closely monitor all costs; production budget for this project will be a useful tool for growers considering adding a greenhouse to their operations.

Collective marketing and purchasing are efficient strategies for small and limited resource growers. Individually, they do not have the asset of economy of scale and must use more of their capital resources than other growers. Collectively, resources and marketing opportunities can be leveraged to the group's advantage. Inasmuch as farmers in three different areas of the state have expressed interest in establishing cooperatives, The Coalition is sponsoring a four-day workshop in January 1998 on cooperative economic development. The workshop will provide information on how cooperative principles can be incorporated into an effective economic enhancement strategy.

YOUTH EXPLORING CAREERS IN AGRICULTURE

For many youth, agriculture and agricultural careers portray negative images. This point of view is often intensified in youth from rural areas encumbered by high unemployment and underemployment. In addition, as farmers age, the children have not been groomed to take over the family farm; when this occurs there is a high risk of the farm being sold, lost, or tied up as heir property. The Coalition will implement a program in the spring of 1998 to expose youth to agricultural careers and educational opportunities.

RURAL WOMEN AND WOMEN FARMERS

The Coalition has been unable to identify any statistical data on the number and location of North Carolina's women farmers. Rural women are often plagued by unemployment,

underemployment and limited access to adult education and community college. These conditions limit their capacity to improve themselves and their families. Furthermore, these two groups are often neglected in most rural and agricultural programs. We know their needs cannot be adequately addressed until they are known. The Coalition proposes to conduct a survey to assess the needs of this special population. Upon completion of the survey, we will be able to design and implement appropriate programs and activities.

OUTREACH

In an effort to serve farmers through the activities of The Coalition, the office has developed a newsletter to be mailed late-November and an informational brochure to be distributed to agencies, churches, community organizations and the media. Also several public service announcements are planned.

As The Coalition advances strategies to maintain small farms and to increase the incomes for these families, it is necessary to know the ownership status of farmers in North Carolina. The Coalition proposes a survey to identify small farmers who are tenants and those who are owners so that services can be tailored for these constituent groups.

ADMINISTRATIVE ACTIVITIES

The Coalition's administrative office is now located in Fayetteville. We are evaluating and reorganizing all phases of operation. Upon completion we will be able to serve our constituents more effectively and efficiently. The members of the Board of Directors are engaged in a two-part organizational development seminar. Part one was completed in October, the next phase will occur in January 1998. The development seminar has increased their capacity and effectiveness. Three additional Board members will be added within the next two months.

EXPANSION

North Carolina is the twenty-ninth largest state with 48,83 square miles. The 1992 Census of Agriculture reported more than twenty NC counties with nonwhite small farmers. Presently we have two field positions, marketing and production specialists. With the current staff we are not able to effectively serve our target population and seek funding for another full time position.

BUDGET

The North Carolina General Assembly appropriated \$250,000 in the 1997-98 Budget for The Coalition. The previous year's funding was \$145,000. The increase in funds permitted restoration of programs and activities for our constituents.

Attached are the budgets for the 1997-98 and 1996-97 budgets. In the current fiscal year, 79% of the budget is used for program activities and of this amount, \$47,959 (24%), is used to maintain and operate the Carolina Harvest Packing Shed. Services and

programs are being provided to our constituents by a staff of four people. Salaries and benefits for them represent 42.6% of the budget. Partial funding for two positions is from an economic development grant, which ends in February 1998. We are seeking additional funding to support another field position. The new position will allow us to expand the technical and marketing services currently available into new areas.

ADDITIONAL SOURCES OF FUNDS

The Coalition received an economic development grant from the US Department of Health and Human Services to study the feasibility of establishing an agribusiness model (cole slaw product) and other potential ventures for small, part time and limited resource farmers. Funds were also available for the construction of a cold storage facility and purchase of a refrigerated tractor trailer truck. These resources are a considerable asset to small farmers in the southeastern area and will enhance their marketing strategies.

The NC Coalition of Farm and Rural Families, Inc.

Budget

July 1, 1997 - June 30, 1998

Program Expenses:

Salaries	\$ 91,847.99	(\$43,124.99)*	(\$30,000.00)**
Benefits	14,748.87	(7,015.84)*	(4,868.15)
Workers' Comp. Insurance	650.00		
Office Supplies	\$ 2,500.00		
Utilities	4,800.00		
Telephone (svc.&maint.)	8,500.00		
Computer (hardware&software)	3,600.00		
Postage & Freight	550.00		
Janitorial Fees	830.00		
Dues & Fees	250.00		
Licenses	110.00		
Subscriptions & Books	960.00		
Mileage Reimbursement	12,000.00		
Meetings & Seminars	3,250.00		
Demonstrations & Ed. Pgms.	8,000.00		
Advertising/Promotion (ongoing)	2,050.00		
Advertising/Promotion (special)	1,000.00		
Technical Support/Consulting	12,000.00		
Taxes/Property	2,073.00		
Taxes/Vehicles	3,254.00		
Insurance/Vehicles	10,784.00		
Insurance/Liability	2,210.00		
Insurance/Product	1,506.00		
Insurance/Property	392.14		
Repair & Maint./Vehicles	2,500.00		
Repair & Maint./Shed	2,000.00		
Repair & Maint./Greenhouse	2,000.00		
Repair & Maint./Equipment	950.00		
Fuel/Greenhouse	2,500.00		
Fuel/Vehicles&Equipment	<u>500.00</u>		
TOTAL:	\$198,443.00		

Administrative Expenses:

Leased Office Space	12,780.00
Utilities	1,200.00
Telephone (svc.&maint.)	3,600.00
Janitorial Services	1,200.00
Office Supplies	1,500.00
Insurance/Contents	577.00
Special Board Training	4,100.00
Legal Services	5,000.00
Accounting Svc. (ongoing)	8,500.00
Accounting Svc. (audit)	9,000.00
Repair & Maint./Office Equip.	500.00
Travel & Lodging (Board)	2,600.00
Dues & Fees	<u>1,000.00</u>

TOTAL: \$ 51,557.00

CUMULATIVE TOTALS:

Program	\$198,443.00	(50,140.83)*	(34,868.15)**
Administrative	<u>\$ 51,557.00</u>		
TOTAL:	\$250,000.00		

***Salary and benefits, 9 months (2 positions)**

****Salary and benefits, 12 months (new position)**

The NC Coalition of Farm and Rural Families, Inc.
1997-1998
Staff Salaries & Benefits

Personnel:

Executive Director	\$ 55,000.00
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Marketing Specialist	\$ 30,000.00
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Production Specialist/Shed Manager	\$ 27,500.00
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Office Manager	<u>\$ 22,500.00</u>
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TOTAL:	\$135,000.00
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Fringe Benefits	<u>\$ 21,764.70</u>
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TOTAL:	\$ 21,764.70
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Small Farm Agribusiness Development Project
US Department of Human Health Services
September 30, 1995- February 28, 1998

Allocated Funds	Original	Current Balance
Personnel	\$180,000.00	\$ 54,812.11
Fringe Benefits	\$ 31,200.00	\$ 9,318.11
Travel	\$ 10,000.00	\$ 2,662.07
Equipment	\$ 48,000.00	\$ 0
Supplies	\$ 46,800.00	\$ 9,588.35
Contractual Services & Educational Programs	\$ 38,500.00	\$ 26,299.55
Construction	\$ 32,350.00	\$ 32,350.00
Other Facility Expenses	<u>\$ 12,000.00</u>	<u>\$ 0</u>
TOTAL FUNDS:	\$398,850.00	\$135,030.49

The NC Coalition of Farm and Rural Families, Inc.
Budget
July 1, 1996 - June 30, 1997

Program Expenses:

Salaries	\$ 41,388.59
FICA/SUTA	2,427.36
Insurance	10,845.49
Workers' Comp. Insurance	160.26
Payroll	529.98
Supplies	\$ 4,127.15
Utilities	1,261.58
Telephone	8,398.69
Computer/Equipment	4,880.38
Computer Support	115.82
Postage & Freight	903.48
Dues & Fees	1,395.00
Licenses	1,910.28
Subscriptions	494.04
Books/Videos	444.39
Auto/Mileage	4,202.26
Travel/Lodging	5,601.99
Meals & Entertainment	919.90
Meetings & Seminars	1,985.36
Rent/Office	12,550.00
Advertising	3,071.41
Technical Support/Consulting	10,689.48
Taxes/Property	320.00
Travel/Board	552.26
Security	1,018.04
Insurance/Other	2,274.48
Insurance/Business	676.98
Maintenance	1,725.00
Legal/Accounting	<u>\$ 20,130.35</u>
TOTAL:	\$145,000.00

Report To

Joint Appropriations Subcommittee

on

Natural and Economic Resources

November 20, 1997

North Carolina Minority Support Center

Serving the State's Community Development Credit Unions (CDCUs)

Since 1991, the Support Center has aggressively worked to enhance the capacity of community-based credit unions to positively impact low-income communities throughout North Carolina. By providing fair and affordable small business, mortgage, rehab and personal loans, community credit unions significantly stimulate economic development in underserved communities. The Support Center's 13 affiliated credit unions serve nearly 20,000 individuals in 36 counties across the state.

Programs:

- ◆ **Capacity Building Program.** Staff provide on-site technical assistance to 13 CDCUs and their boards, and facilitate quarterly small-group seminars on topics such as lending policies, underwriting, and implementing new services. Staff also assist in identifying qualified personnel for credit union recruitment.
- ◆ **Capacity Grants Program.** The Support Center also offers competitive capacity grants, designed to bolster a credit union's ability to hire new staff, offer new or improved services, or expand or upgrade computer and software systems. These funds are also available to start-up CDCUs.
- ◆ **Capital Support Loan Fund.** This revolving fund provides a major source of capital, ensuring CDCUs have sufficient funds to meet the credit needs of their members. To qualify for these funds, CDCUs must demonstrate financial need and meet strict financial standards and performance goals.

Accomplishments Since 1991:

- ◆ Saved four CDCUs from liquidation and nurtured them back to health.
- ◆ Helped increase combined assets 62% to \$39 million and loan activity 70% to \$30 million.
- ◆ Improved delinquency rates to 4.7%, a 60% decline.
- ◆ Doubled small business lending through economic development deposits, resulting in the creation or retention of 1,000 jobs.
- ◆ Assisted in the first successful new CDCU charter in 10 years; anticipating 3 additional charters covering 16 new counties in 1997/98.
- ◆ Raised nearly \$3 million in direct new, private support.
- ◆ Leveraged \$5.5 million in non-member deposits for CDCUs.
- ◆ Leveraged \$1.05 million in grants from the U.S. Treasury's CDFI Fund for five CDCUs.

Supporters (1996-1998):

In the past two years, the Support Center has leveraged \$2.74 million in private grant and loan investments for the Capital Support Loan Fund.

1996-1997

First Citizens Bank	\$300,000 (loan)
NationsBank	\$800,000 (loan)
Z. Smith Reynolds Found.	<u>\$100,000</u> (grant)

Total: \$1,200,000

1997-1998

Bryan Family Fund	\$80,000 (grant)
First Union Corp.*	\$300,000 (loan)
Ford Foundation	\$25,000 (grant)
Ford Foundation*	\$1,100,000 (combination)
Stoneman Foundation	<u>\$35,000</u> (grant)

Total: \$1,540,000

*Verbal commitment

Support Center Activity Summary, 1996-1997

Objectives:	Accomplishments:
<ul style="list-style-type: none"> Continue to provide effective and efficient Technical Assistance to N.C. community development credit unions. Success will be measured by asset growth, loan growth, reduced delinquency, improved financial ratios, and job creation/retention. 	<ul style="list-style-type: none"> Provided thousands of hours of on- and off-site Technical Assistance, resulting in asset growth of \$4.5 million (13%), loan growth of \$1.65 million (6%) and 160 jobs created or retained.
<ul style="list-style-type: none"> Submit proposals to the Credit Union Division for two credit unions located in Wilmington and Washington. 	<ul style="list-style-type: none"> Submitted two charter proposals to the Credit Union Division that will serve 10 additional counties if awarded.
<ul style="list-style-type: none"> Conduct at least four training seminars for CDCU staff. 	<ul style="list-style-type: none"> Conducted six training seminars for CDCU staff.
<ul style="list-style-type: none"> Continue to identify strong management for credit union recruitment. 	<ul style="list-style-type: none"> Continued to identify strong management for credit union recruitment.
<ul style="list-style-type: none"> Raise \$1.5 million for the Capital Support Loan Fund. 	<ul style="list-style-type: none"> Secured \$1.1 million in loan capital from banks and \$100,000 in grants from foundations for the Capital Support Loan Fund.
<ul style="list-style-type: none"> Raise \$375,000 in operating and programmatic support. 	<ul style="list-style-type: none"> Raised \$375,000 in operating and programmatic support.
<ul style="list-style-type: none"> Award \$100,000 in capacity grants to credit unions. 	<ul style="list-style-type: none"> Awarded \$121,000 in capacity grants.
<ul style="list-style-type: none"> Obtain CDFI certification for NC credit unions and the Support Center and submit grant proposals to the U.S. Treasury Department for both. 	<ul style="list-style-type: none"> Conducted CDFI workshops; assisted six credit unions to obtain CDFI certification, and submitted six CDFI grant proposals to. One was awarded a \$150,000 capital grant.
<ul style="list-style-type: none"> Secure VISTA slots for the credit unions through the National Federation of CDCUs. 	<ul style="list-style-type: none"> Secured two VISTA slots for credit unions through the National Federation of CDCUs.
<ul style="list-style-type: none"> Produce a marketing video and five-year report. 	<ul style="list-style-type: none"> Produced a video, <i>Building the Legacy</i>, and published a 5-year report, <i>Building Community Wealth</i>.
<ul style="list-style-type: none"> Enhance information technology of the credit unions and the Support Center. 	<ul style="list-style-type: none"> Upgraded information technology at several credit unions, computerized the only remaining manually-operated CDCU, and enhanced our the Support Center's systems with Internet and e-mail capability.

Support Center Organizational Objectives 1997-98

- Continue to provide effective and efficient Technical Assistance to community development credit unions, especially in the areas of accounting, lending and local marketing efforts.
- Award \$245,000 in capacity grants and/or secondary capital for program support.
- Raise \$190,000 for operating and program support.
- Increase Capital Support Loan Fund by \$2.5 million. Bring closure to Wilmington and Washington start-ups. Assist with paperwork and business plan for a third start-up to serve the Triangle area.
- Assist at least one credit union to implement a share draft program.
- Continue to correspond with the U.S. Treasury's CDFI Fund on behalf of N.C. credit unions and submit a grant proposal for technical assistance when the RFP is announced.
- Develop and distribute a business lending procedures manual, and complete a home equity loan policy for credit union use.
- Encourage and facilitate continued partnership lending for small credit unions and those possessing liquidity problems.
- Offer at least four training seminars utilizing some outside consultants.
- Research models, develop program, and raise funds for Youth Credit Union Initiative.
- Update and develop new marketing materials for the Support Center, and assist credit unions with their marketing strategies.
- Continue to identify strong management candidates for the credit unions.
- Begin partnership discussions with USDA's Intermediary Relending Program.
- Install spreadsheet software at all credit unions and get all credit unions on e-mail.
- Design a Support Center website and publish and distribute a quarterly newsletter.
- Continue to search for office space for credit unions in need.
- Identify summer interns for interested credit unions and the Support Center.

Support Center Accomplishments Since July 1, 1997

Organizationally:

- ▶ Implemented 5-year strategy for self-sufficiency through Capital Support Loan Fund.
- ▶ Publishing first issue of quarterly newsletter in-house.
- ▶ Developed marketing brochure in-house
- ▶ Strengthened staffing with full-time development director and office manager.

Programmatically:

- ▶ Provided hundreds of hours of on- and off- site Technical Assistance amounting to approximately 61 % of staffing time.
- ▶ Secured \$60,000 from foundations for credit union capacity building and programmatic support.
- ▶ Leveraged \$300,000 commitment from First Union for Capital Support Loan Fund. Other loan commitments pending with Wachovia Bank and BB&T.
- ▶ Received \$1.2 million verbal commitment from the Ford Foundation for Capital Support Loan Fund.
- ▶ Leveraged \$905,000 in capital grants for four N.C. credit unions from the CDFI Fund of the U.S. Treasury Department.
- ▶ Submitted four grant proposals worth \$2.18 million to private foundations and banks for programmatic and operating support.
- ▶ Anticipating 225 new economic development loans impacting more than 1000 jobs based on projected 1997-98 capital deposits with credit unions.
- ▶ Continued discussions on three proposed credit union charters with NCUA and the N.C. Credit Union Division.

NC Minority Support Center

July 1, 1996 - June 30, 1997

Budget Analysis Report

	State of NC	% of Total State Funds	Total Budget '96 - '97	% of State Funds to Budget
REVENUE SOURCES				
State of North Carolina	275,000		275,000	
Other			535,594	
TOTAL REVENUE	<u>\$ 275,000</u>	100.0%	<u>\$ 810,594</u>	33.9%
EXPENSES:				
Executive Director	17,400	6.3%	17,400	100.0%
Support Staff	note 2	0.0%	28,690	0.0%
TOTAL PERSONNEL	<u>\$ 17,400</u>	6.3%	<u>\$ 46,090</u>	37.8%
INDIRECT:				
Office Supplies			5,924	0.0%
Office Equipment			5,477	0.0%
Postage/Delivery Service	2,143	0.8%	2,143	100.0%
Telephone/Fax	8,564	3.1%	12,628	67.8%
Capital Additions			16,551	0.0%
Rent			142	0.0%
TOTAL INDIRECT	<u>\$ 10,707</u>	3.9%	<u>\$ 42,665</u>	25.0%
DIRECT				
Marketing			286	0.0%
Report/ Newsletter			14,822	0.0%
Travel	33,176	12.1%	33,176	100.0%
Board expenses	11,682	4.2%	11,682	100.0%
Annual Audit	2,655	1.0%	2,655	100.0%
Dues and Subscriptions	343	0.1%	343	100.0%
Staff Development	506	0.2%	506	100.0%
Training, Seminars, Materials		0.0%	6,817	0.0%
Consultants		0.0%	14,292	0.0%
Contingency	13,750	5.0%	13,750	100.0%
TOTAL DIRECT	<u>\$ 62,112</u>	22.6%	<u>\$ 98,329</u>	63.2%
PROGRAMMATIC SUPPORT				
Technical Assistance	note 2	47.2%	163,230	79.5%
TOTAL OPERATING COST:	<u>\$ 220,000</u>	80.0%	<u>\$ 350,514</u>	62.8%
OTHER DISBURSEMENTS				
Capacity Grants	55,000	20.0%	55,000	100.0%
Restricted Funds	note 3		265,000	0.0%
Loan Fund			5,181	0.0%
Capital Support			100,000	0.0%
TOTAL OTHER DISBURSEMENTS	<u>\$ 55,000</u>	20.0%	<u>\$ 425,181</u>	12.9%
TOTAL EXPENDITURES	<u>\$ 275,000</u>	100.0%	<u>\$ 775,695</u>	35.5%
BALANCE	\$ -		\$ 34,899	

Note 1

Total Administrative expense to State Funds	10.2%
Total Programmatic support to State Funds	89.8%

NC Minority Support Center

July 1, 1997 - June 30, 1998

Budget Analysis Report

	State of NC	% of Total State Funds	97 - '98 Budget	% of State Funds to Budget
REVENUE SOURCES				
State of North Carolina	375,000		375,000	
Other			508,748	
TOTAL REVENUE	<u>\$ 375,000</u>	100.0%	<u>\$ 883,748</u>	<u>42.4%</u>
EXPENSES:				
Executive Director	14,502	3.9%	14,502	100.0%
Support Staff	note 4 <u>20,797</u>	5.5%	<u>29,906</u>	69.5%
TOTAL PERSONNEL	\$ 35,299	9.4%	\$ 44,408	79.5%
INDIRECT:				
Office Supplies	2,500	0.7%	2,500	100.0%
Office Equipment	8,300	2.2%	8,300	100.0%
Postage/Delivery Service	2,250	0.6%	2,250	100.0%
Telephone/Fax	18,500	4.9%	18,500	100.0%
Capital Additions	1,000	0.3%	1,000	100.0%
TOTAL INDIRECT	<u>\$ 32,550</u>	8.7%	<u>\$ 32,550</u>	100.0%
DIRECT				
Marketing	700	0.2%	700	100.0%
Report/ Newsletter	3,500	0.9%	3,500	100.0%
Travel	23,000	6.1%	23,000	100.0%
Board expenses	14,500	3.9%	14,500	100.0%
Insurance	1,000	0.3%	1,000	100.0%
Annual Audit	3,500	0.9%	3,500	100.0%
Dues and Subscriptions	2,000	0.5%	3,700	54.1%
Staff Development	3,500	0.9%	3,500	100.0%
Training, Seminars, Materials		0.0%	10,000	0.0%
Consultants	7,500	2.0%	7,500	100.0%
Loan Fund Reserve	19,000	5.1%	97,234	19.5%
Contingency	18,750	5.0%	18,750	100.0%
TOTAL DIRECT	<u>\$ 96,950</u>	25.9%	<u>\$ 186,884</u>	51.9%
PROGRAMMATIC SUPPORT				
Technical Assistance	note 4 135,201	36.1%	239,392	56.5%
TOTAL OPERATING COST:	<u>\$ 300,000</u>		<u>\$ 503,234</u>	59.6%
OTHER DISBURSEMENTS				
Capacity Grants	75,000	20.0%	265,000	28.3%
Loan Fund			19,000	0.0%
Capital Support			96,514	0.0%
TOTAL OTHER DISBURSEMENTS	<u>\$ 75,000</u>	20.0%	<u>\$ 380,514</u>	19.7%
TOTAL EXPENDITURES	<u>\$ 375,000</u>	100.0%	<u>\$ 883,748</u>	42.4%
BALANCE	\$ -		\$ -	

Note 1

Total Administrative expense to State Funds	18.1%
Total Programmatic support to State Funds	81.9%

Allocation of State Funds

note 1 Personnel expenses are allocated based on percentage of time devoted to **Program** vs. **Administrative** functions. Program defined as performing functions attributed to credit assistance and support. Administrative is defined as functions attributed to internal operations.

note 2 Fiscal Year-ending June 30, 1997

	Annual Salary	Program Support		Admin Support	
Executive Director	58,006	40,626	70%	17,400	30%
Field Represent.	35,204	35,204	100%		
Field Represent.	32,000	32,000	100%		
Office Manager	24,000	11,951	49%	12,029	51%
* Director of Develop	14,292	10,000	70%	4,292	30%
Total salaries	\$ 163,502	\$ 129,781	79%	33,721	
Employee benefits	45,818	33,449		12,369	
	\$ 209,320	\$ 163,230		\$ 46,090	

* paid part-time consultant as Director of Development
Includes employer paid health & dental premiums, disability insurance
Employer matches employee retirement contribution up to maximum of 5% of gross income.

note 3 Funds allocated for on-going support distributed according to prescribed criteria.
Funds are restricted for use only as capacity building grants or secondary capital allocations.

note 4 Budgeted for Fiscal Year-ending June 30, 1998

	Annual Salary	Program Support		Admin Support	
Executive Director	58,006	43,505	75%	14,502	25%
* Dir. Tech. Assist.	54,990	49,491	90%	5,499	10%
Field Represent.	35,204	35,204	100%		
Dev. Director	36,010	28,808	80%	7,202	20%
Office Manager	26,988	18,892	70%	8,096	30%
Field Represent.	14,292	14,292	100%		
Total salaries	\$ 225,490	\$ 190,191	84%	\$ 35,299	
Employee Benefits	58,310	49,201		9,109	
	\$ 283,800	\$ 239,392		\$ 44,408	

* Position funded by other grant source
total salaries 190,191
less position (54,990)
Allocated to Technical Assistance 135,201

Job Description

Title: Executive Director

Organization: NCMSC

The North Carolina Minority Support Center is a non-profit 501(c)3 which is committed to building the capacity of low income community based credit unions throughout the state of North Carolina. By building the capacity of community based credit unions more low- income individuals are afforded access to credit for business, mortgage and other consumer needs.

Principal Responsibilities:

- * Individual will be responsible for outlining, recommending and implementing the overall organizational objectives as approved by the Board of Directors as well as supervising the staff of the organization.

Administration:

- * As Director of the organization the individual will be responsible for assuring that all day to day activity of the organization is carried out in accordance with the purpose and mission of the Center.
- * Individual will be responsible for outlining the proposed annual goals, objectives and budget of the organization..
- * Individual will be responsible for reporting to the Board of Directors on a quarterly basis and as needed all activity taking place with the organization as outlined by its annual goals and objectives
- * Individual will be responsible for the Hiring and Supervision of all staff.
- * Individual will be responsible for all the Fundraising of the organization and developing public and private sector relationships to establish a basis of resources and opportunities to promote increased economic development activity.
- * Individual will also be responsible for developing both organizational and programmatic initiatives that can enhance the financial position of the Center and the Credit Unions.

Programmatic:

- * Individual will be responsible for the evaluating and recommending solutions to address issues confronting community credit unions.
- * Individual will be responsible for assuring staff recommendations are in accordance with the organizations overall mission and in accordance with acceptable state and federal regulations..
- * Individual will be responsible for recommending programs that will be build the capacity of the Credit unions.
- * Individual will be responsible for making sure effective and efficient Technical Assistance is rendered to the community credit unions.
- * Individual will be responsible for assuring assistance is rendered to low-income communities interested in obtaining a charter.

Job Description

Title: Director of Technical Services

Organization: NCMSC

Subject: Staff position

Supervisor: Executive Director

Principal Responsibilities:

- * Individual will be responsible for assuring that all recommendations made by Support Center field staff is in accordance with state and federal regulations.
- * Individual will also be responsible for coordinating staff schedules to credit unions in an attempt to assure time maximization, productivity, and efficiency.
- * Responsibilities also will include oversight of any new loan products pursued, i.e., IRPs and commercial loan products and policies. Individual will provide both in-house and onsite training of all facets of credit union operations.
- * Person will also be responsible for coordinating quarterly training seminars with other staff.
- * Individual will work with managers in outlining both quarterly and annual objectives and implementing ways of monitoring progress.
- * Responsibilities will also include new product monitoring, feasibility and assisting with the implementation of these products with credit union staff and center staff.
- * Position will also entail gathering and updating spreadsheets monthly on all manners of credit union activity including all economic development activity and ratios.
- * Individual will provide on-site assistance to management, staff and Boards at all credit unions and attend all exit interviews.
- * Individual will prepare monthly financial at the Center and train the accounting assistant.
- * Individual will perform other task as requested by the Executive Director.

Desired Qualifications:

Minimum of eight years of credit union management experience and/or auditing experience within a financial institution and a thorough understanding of all mortgage and business lending practices. A four year degree in accounting is also preferred.

Development Director Job Description

I. Fundraising and Communications:

- Develop and monitor fundraising strategy, including prospect research, proposal calendar, and tracking.
- Prepare letters of inquiry, grant and PRI proposals, and additional fundraising materials for review by the Director.
- Track reporting requirements and prepare all reports as requested by funders.
- Prepare stewardship documents (thank you notes, program updates, etc.) for funders as needed.
- Negotiate with institutional investors, such as banks and foundations, in the Capital Support Loan Fund.
- Identify and/or respond to direct investment or grant opportunities for credit unions.
- Coordinate efforts with the CDFI Fund and other federal programs.
- Assist with communication efforts such as grant/loan announcements, marketing materials, funder presentations, and the quarterly newsletter.
- Assist CDCUs with their local communication and marketing efforts.

II. Program Development & Implementation:

- Assist Executive Director and Office Manager to develop programs, such as the Capital Support Loan Fund, leadership and youth credit union initiative, from the fundraising perspective.
- Assist with RFP process for capacity building and Capital Support Loan Fund.
- Monitor performance of Capital Support Loan Fund and gather all data pertinent to the program for internal and reporting purposes.
- Develop/recommend internal policies as needed based on fundraising and program administration needs.

III. General:

- Represent Support Center at seminars, meetings, conferences, etc. when appropriate.
- Analyze 5300 call reports semi-annually.
- Assist in recruiting and coordinating interns for the Support Center.
- Perform other responsibilities requested by the Executive Director.

North Carolina

Minority Support Center

216 W. Edenton St., 2nd Floor, Raleigh, NC 27603, Tel: 919/331-2444, Fax: 919/331-2445

JOB DESCRIPTION

Office Manager/Accounting Assistant North Carolina Minority Support Center

Desired Qualifications

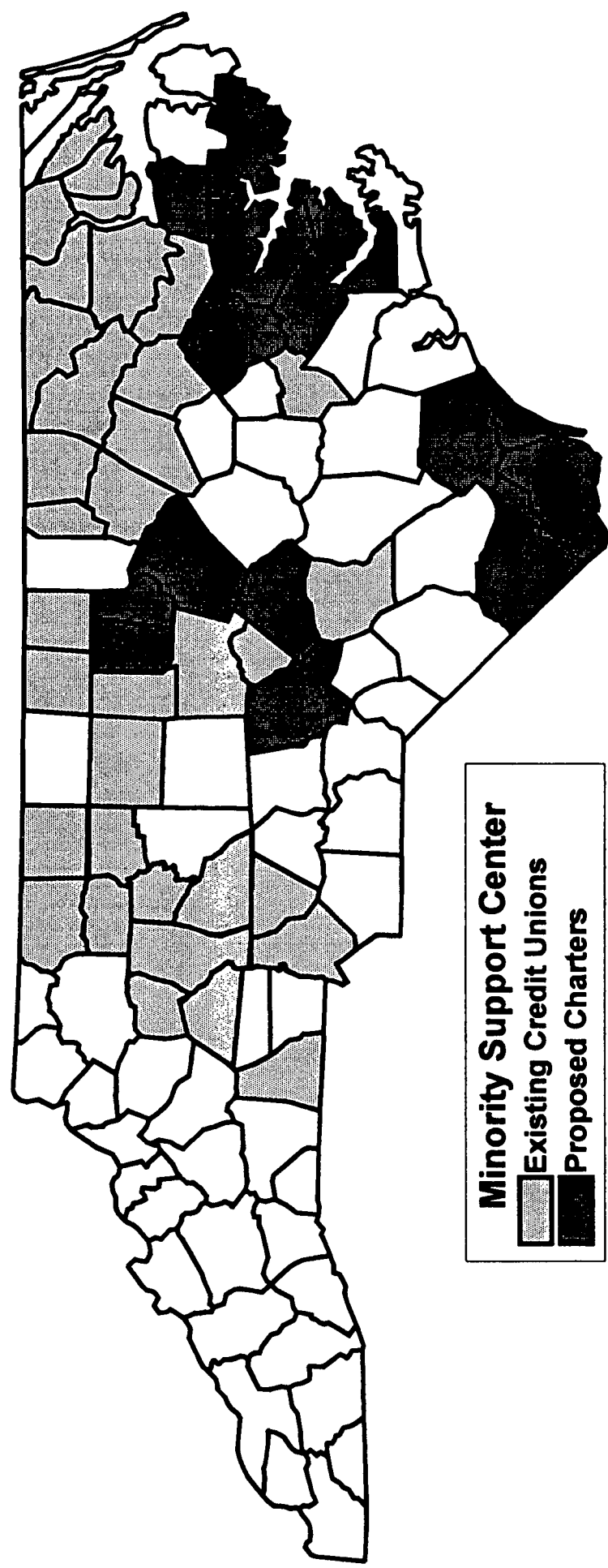
Minimum of two years accounting/administrative experience. Non-profit background preferred.

Responsibilities:

- * Maintain selected aspects of accounts payable
- * Reconcile general ledger accounts with Director of Technical Assistance
- * Organize and track office supplies
- * Monitor monthly expenditures
- * Create/Maintain tickler system for office reports
- * Develop marketing materials for the Support Center
- * Participate in the generation of annual reports and quarterly newsletters
- * Assist in coordinating program initiatives
- * Coordinate special events
- * Daily mail distribution
- * Preparation of board packets
- * Prepare Public Relations Announcements and Correspondences
- * Maintain Office personnel information; i.e. job descriptions, timesheets, and insurance information
- * Collect various economic development reports from Credit Unions
- * Assist Development Director periodically on proposals

The Support Center is an equal employment opportunity employer.

MINORITY SUPPORT CENTER



**Joint Appropriations Subcommittee on
Natural and Economic Resources
Tuesday, December 16**

10:00 AM – 12:00 PM

Department of Environment and Natural Resources

- Report on Changes in Organizational Structure of the Executive Offices and Administrative Divisions

Wayne McDevitt, Secretary

12:30 PM – 2:30 PM

Technological Development Authority (Research Triangle Park)

- Site Visit, Lunch Provided
- Directions to the Technological Development Authority (Members will provide own transportation):
 - Follow I-40 West to Exit 280 (Davis Drive)
 - at the top of the exit ramp, take a right
 - TDA is located about 1/4 mile on the left in the "First Flight Venture Center"
- Members should allow approximately 30 minutes for the drive between the Legislative Building and the Technological Development Authority.

**Joint Appropriations Subcommittee
On
Natural and Economic Resources**

Tuesday, December 16, 1997 at 10:00 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, December 16, at 10:00 a.m. in Room 423 of the Legislative Office Building. Five Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Mitchell, Baker, Carpenter, Fox, Hall, Owens, Tolson, Allen and Weatherly were present.

Senator Martin called the meeting to order. The Committee discussed the recent changes in the Executive Offices and Administrative Divisions in DENR, as well as the status of the Division of Environmental Health. Staff presented members with a briefing paper. This report highlighted two new positions to the Executive Office (a Chief of Staff position and Special Assistant to the Secretary for Policy Development and Review), the transfer of administrative division personnel associated with health programs from DENR to the Department of Health and Human Service (DHHS), and the issue of division of Environmental Health's current reporting pattern (DENR versus DHHS). This is attachment A of these minutes.

Mr. Wayne McDevitt, Secretary of the Department of Environment and Natural Resources was recognized to address the Committee. He addressed several activities underway in the department, including a reorganization of water programs, the transfer of health programs to DHHS, and the reorganization of executive and administrative divisions. When addressing the Chief of Staff position, Secretary McDevitt cited the need for system building and the need to create an infrastructure for communications, among departmental divisions and between the department and the legislature, as justification for the position. The Secretary did not specifically address an on-going need for the Special Assistant position, but stated the position was created under the previous secretary. In addition to reviewing departmental priorities under his administration, the Secretary spoke of the impact of the transfer of health programs to DHHS on DENR. Members presented numerous questions to McDevitt concerning a budget deficit created by transferring personnel (64 in administrative divisions) to DHHS, as well as DHHS's

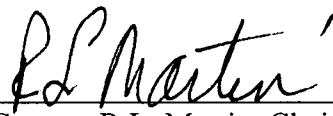
authority to create new positions as a result of the transfer. The Committee requested follow-up information on this issue at a subsequent meeting.

The afternoon meeting was a site visit to the Technological Development Authority (TDA) in the Research Triangle Park. Mr. John Ciannamea, President, provided the Committee with an overview of TDA's programs. TDA became a private, non-profit organization in 1991 and serves to promote the development and success of entrepreneurial businesses in North Carolina. TDA's programs are categorized in three areas: (1) entrepreneurial services, (2) investment capital, and (3) research and commercialization. Mr. Ciannamea said there are 19 business incubators currently in operation throughout the state and 6 under construction. TDA seeks to target technology-oriented young companies in rural areas to provide advisory and counseling services. He noted that 88% of incubator graduates stay within a 30 mile radius of the incubator, employ an average of 14 persons, and register sales near \$1.1 million.

The meeting concluded with a discussion of TDA's funding requests for the upcoming biennium, including \$10 million for program support, and capital funding to provide additional wet lab space.

After a brief tour of the First Flight Venture Center, the meeting adjourned.


Carolyn M. Gooden, Committee Clerk


Senator R.L. Martin, Chairman

Department of Environment and Natural Resources (DENR)

Report on Recent Changes in Organizational Structure of the Executive Offices and Administrative Divisions

Executive Offices – New Positions

1. Chief of Staff – Source: Environmental Engineer II position transferred from the Division of Water Resources, Water Supply Assistance Section effective September 1, 1997.
2. Special Assistant to the Secretary for Policy Development and Review – Source: Business Officer III position (work against) transferred from the Division of Water Quality effective May 1, 1997.

Issues to Consider:

- Appropriateness of transferring program personnel to Executive Suite
- Need for, and role of chief of staff position, relative to the Deputy Secretary and the 3 Assistant Secretary positions
- Determination of whether Chief of Staff and Special Assistant to the Secretary for Policy Development positions effectively reinstate 2 Special Assistant positions (to the Secretary and Deputy Secretary) eliminated by the General Assembly in the 1995 Long Session.

Administrative Divisions – Health Transfer

Personnel from the department's administrative divisions (Controller's Office, General Services, Information Technology, Personnel/Human Resources, Regional Offices, Budget, Planning, and Analysis) were included in the transfer of the health divisions to the Department of Health and Human Services (DHHS). The General Assembly did not designate, either generally or specifically, the positions to be transferred. Rather, the details of the administrative transfer were left up to negotiation between DENR and DHHS.

Issues to Consider:

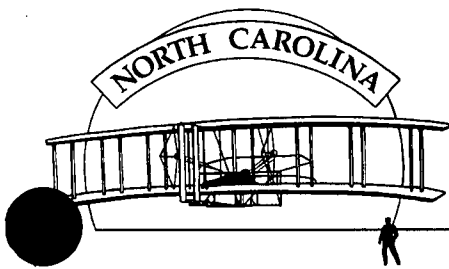
- Number of positions and amount of operating expenses transferred to DHHS, overall and by division
- Organizational structure of administrative divisions, post-health transfer
- Adequacy of the post-health transfer administrative staff to address problems noted in last year's financial audit, conducted pursuant to Article 5A, of G.S. 147.
- Need for further changes to the organizational structure of the administrative divisions as a result of the health transfer
- Potential for efficiency savings as a result of the health transfer, or any post-health transfer changes

Division of Environmental Health

Section 11A.127, Chapter 443, 1997 Session Laws prohibits the transfer of the programs and responsibilities of the Division of Environmental Health to DHHS, as well as combining on-site wastewater and/or public water supply with the Division of Water Quality, pending a study by the Environmental Review Commission.

Issues to Consider:

- Explanation of current organizational reporting path and responsibilities for Division of Environmental Health

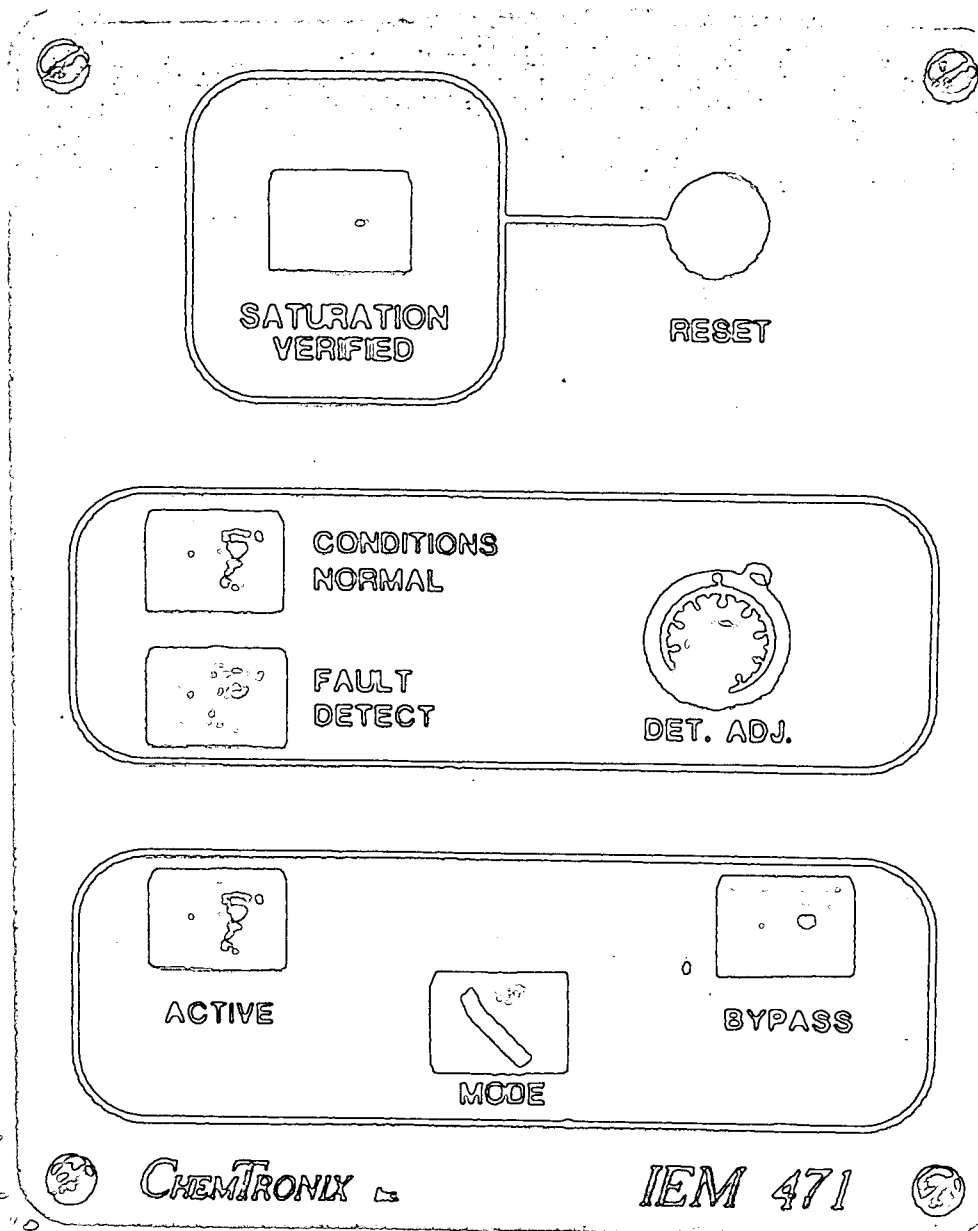


N.C. TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC.

A G E N D A

1. TDA's Programs
2. North Carolina Business Incubators
3. TDA's Financing Needs
4. Tour of the First Flight Venture Center
5. Visit Alternate Realities Corporation

Ion Exchange Monitor For Total Gold Recovery



CHEMTRONIX Inc.

631 Soco Rd. PO Box 70
Maggie Valley, NC 28751
Telephone: 704-926-6177
Fax: 704-452-7070

Hi, I'm The ChemTronix IXQM 2000-
and I'm here to help you.

What can I do for you?

I can monitor your precious metal recovery system and let you know just where you stand in your Ion-exchange gold recovery. I will let you know when to change out your resin bed, and also let you know when to change your rinse water.

Where do I fit into your plating operation?

I am simply attached to your pipe or tubing in your rinse water system and I monitor the rinse water as it flows through me.

How will I help you?

I will let you know how efficiently your rinsing operation is working for you. That is, I will inform you when your rinse water is becoming too contaminated to allow good quality rinsing. (spotting etc).

How reliable am I?

I will work for you 24 hours every day if you need me to, even when you are not here with me.

How easy am I to work with?

Once I am installed and adjusted, all you have to do is keep an eye on me and I will show you what you want to know. I very seldom even need any adjustments, but if you should have to get help in controlling me all you have to do is call ChemTronix and they will help you get me back on line quickly.

Why do you need me?

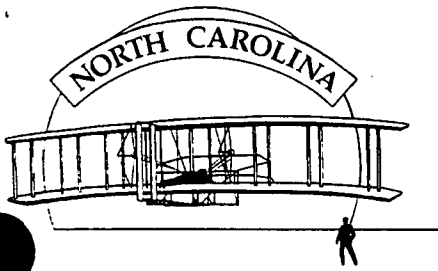
Because I can save you money and time by telling you exactly when to change your resin beads, (no guess work). You will also know approximately how much gold you will have in resin when it goes to the refiner. I will also help to keep you out of trouble with the various agencies that are also watching your water quality levels.

How well am I constructed?

I use the latest state of the art circuitry and computer technology in my functions. I am completely sealed in a plastic box to protect me even from the plating environment.

How can we get together?

Just call your distributor or ChemTronix at 704-456 1880 and they will be happy to see us work together. I am looking forward to working with you for a long lasting relationship.



FIRST FLIGHT VENTURE CENTER

A Business Incubator in Research Triangle Park

The First Flight Venture Center is a business incubator serving the initial location needs of research-based entrepreneurs. Located in North Carolina's Research Triangle Park, the Center is named in honor of research conducted by Wilbur and Orville Wright at Kitty Hawk, North Carolina which resulted in the world's first powered flight. The First Flight Venture Center, by assisting the Wrights' modern-day counterparts in commercializing new technologies, seeks to capture the economic opportunity offered by research being conducted in the state.

MISSION

The First Flight Venture Center's mission is to increase the number of successful technology-based small companies originating in or relocating to the Research Triangle Park region of North Carolina. The Center provides office and lab facilities, along with business equipment and information services, to help accelerate the investigation and validation of innovative technical and commercial concepts by early stage ventures. By expediting the demonstration of technical and commercial feasibility, First Flight Venture Center members are positioned to compete for the management and capital resources required for growth.

FACILITY

The First Flight Venture Center is a 28,500 square foot facility available for short-term leasing. The Center's offices and wet labs range from 115 to 345 square feet. Flex-Spaces up to 1,000 square feet, suitable for proto-type development and manufacturing are also available. The facility can accommodate approximately 20 early-stage companies engaged in a diversity of research and product development efforts.

MEMBERSHIP

Membership in the First Flight Venture Center is open to both tenant and non-tenant research-based entrepreneurial companies. Members have access to the Center's shared common areas, conference rooms, classrooms, AV equipment and business services (receptionist, phone answering, postage metering, fax, copier, etc.) on a usage fee basis. Members are also entitled to attend seminars, workshops and informal gatherings held at the First Flight Venture Center, and are eligible to participate in any Center-sponsored programs.

MANAGEMENT

The Center is managed by the North Carolina Technological Development Authority, Inc. (NCTDA), a non-profit corporation established in 1983. Since its inception, NCTDA, Inc. has assisted in the growth of technology-based entrepreneurial companies through its early-stage equity investment in more than 60 new ventures and through the establishment of 13 business incubators across North Carolina.

LOCATION

The First Flight Venture Center is located at 2 Davis Drive in Research Triangle Park. Approaching the Park on Interstate 40 from either east or west, take the Davis Drive exit and turn right (North) onto Davis Drive. The Center is 1/4 mile on the left, just before the intersection of Davis Drive with Cornwallis Road.

INFORMATION

Contact: John Hogan, Center Manager * P.O. Box 12076 * Research Triangle Park, NC 27709
Phone - (919) 990-9579 Fax - (919) 990-8561

FIRST FLIGHT VENTURE CENTER SERVICES

The benefit of First Flight Venture Center membership is ready access to support services.

Some services provided by First Flight are included in the monthly rental rate.

Others are billed monthly at reasonable rates or on an "as used" basis.

Services not provided directly may be available at special rates through external resources.

Receptionist Service

First Flight staff will answer up to two telephone lines using your company name during business hours (8:00 - 5:00).

Additional lines will be answered at a cost of \$10.00 per month per line.

You will be provided a written message for all calls handled by First Flight staff.

Business Administration Support

Comprehensive business support services

including accounting/bookkeeping, payroll and word-processing
are available on-site on a fee basis from Entrepreneurial Assistance, Inc.

Business Consultation

The Small Business and Technology and Development Center (SBTDC)
is on site by appointment for First Flight Members.

Services include assistance with business plan preparation, financing, government procurement, intellectual property protection, marketing, proposal writing.

Most services are state-supported and free of charge.

Access to Capital

North Carolina Technological Development Authority, Inc., a First Flight tenant,
provides guidance to possible financing mechanisms
for early-stage, technology-based companies.

Networking

The First Flight Venture Center offers both formal and informal opportunities to network with other entrepreneurs involved in the growth of research and development-based companies.

The Center is also used by other entrepreneurial support organizations.

Most meetings/seminars are open to FFC Members at reduced fees or no charge.

Conference Rooms

Several conference rooms, accommodating up to thirty persons, let you conduct business meetings and small seminars in a professional atmosphere.

Conference rooms are reserved on a first-come-first-serve basis.

Non-members may rent the conference rooms for

entrepreneurial/R&D-related meetings (Contact: John Hogan).

Coffee service for such meetings is provided at a cost of \$.50 per attendee per day.

Internet Access

The Center has partnered with Interpath, an Internet access provider, to provide connections to the Internet via the Center's LAN and Interpath's equipment (located on site).

Fees vary with the level of service ordered.

Office Furnishings

Basic office furnishings, including desks, chairs, bookshelves, file cabinets and office partitions are available on a first-come-first-served basis.

Fax Machine

\$.75 charge per page received and \$1.25 charge per page transmitted.
(Cost of phone call will be added for transmission to locales not in the Continental United States).

Copier

\$.07 per copy

Telephone Equipment

Telephone handsets (one per voice line) are furnished.
Additional phones may be leased at a rate of \$10.00 per month per handset.
Installation Charges: approximately \$110.00 per line.
Monthly charges are approximately \$60.00 per line plus Long Distance charges.

Courier/Mail Metering Services

Delivery to post office and pick up from member's private post office box - \$25.00 per month.
Delivery to post office and use of First Flight Venture Center postal box - \$17.50 per month.
Delivery to post office and no pick up - \$10.00 per month.
Members may also have their mail metered.
Actual postage charges are invoiced monthly at cost plus 10% service charge.
(Advance notice required on large mailings)

Audio-Visual Equipment

Members may access A-V equipment free of charge.
Non-members: \$10.00 per day or portion of a day. Reserved on a first-come-first-served basis.

Janitorial Service

Offices and common areas are cleaned and trash collected on a daily basis.
Members may elect to prohibit entry by janitorial staff provided they maintain the leased premises at standards acceptable to management. Tenants who occupy industrial or laboratory areas are responsible for keeping their own areas clean.

Kitchen Facilities

The Center's kitchenette/lunchroom is equipped with refrigerator, stove, microwave and vending area.

Coffee Service

Coffee is provided to members free of charge.
Coffee service is available for meetings scheduled in the conference room by non-members at cost of \$.50 per attendee per day.

On-Site Management

Management of the facility is on site daily to provide limited advisory services, referrals to outside resources and to assure that the facility runs smoothly.

Notary Public

Documents notarized - No Charge

FIRST FLIGHT VENTURE CENTER

Tenant Directory

Advanced Integrated Manufacturing Solutions, Co.

Perry Smith - President - 485-8028

Advanced Integrated Manufacturing Solutions, Co. (AIMS, Co.) provides high quality, integrated information and control systems and services enabling advanced manufacturing applications in demanding shop floor environments.

BioTraces, Inc.

Dr. E. James Wadiak, President - 549-0422

BioTraces, Inc. manufactures instrument and reagent systems and performs measurement services based on its propriety ultra-sensitive Multi-Photon Detection (MPD) technology. MPD quantitates bio- and organic molecules at sub-zeptomole concentrations and has been applied to immunoassays, DNA diagnostics and chromatography.

ChiraChem International Chemical Company

Hao Hong - (919) 406-1433

ChiraChem International Chemical Company, (Called CCIC), is a company focusing on the development of novel technology for the production of enantiopure chiral compounds as well as custom synthesis of pharmaceutical intermediates, particularly enantiopure chiral compounds.

C P K D Solutions, LLC

Allen A. Lai, Ph.D., President - (919) 361-0557

C P K D Solutions is a niche pharmaceutical development consulting firm. Its main focus is to provide clinical pharmacokinetics services to virtual pharmaceutical companies who would like to outsource PK/PD studies and final reports preparation required for product registration.

Data ++, Inc.

Richard Basden, President - (919) 547-0950

Data ++, Inc. is a software company developing specialized database applications to support businesses in today's complex business environment. Our services also include consulting, systems support, and meeting facilitation. For more details, see our home page at <http://www.dataplus.nctda.org>.

F1 Consulting, Inc.

Robert Interdonato, President - (919) 572-2966

Jennifer Interdonato, Account Manager

F1 Consulting, Inc. is a computer consulting service that provides contractors for Information Technology Solutions for the North and South Carolina area.

Gene Tec Corporation

Dr. Marilyn Stapleton - (919) 558-9310 or 493-2022

Development and distribution of proprietary technologies for the commercialization of *in situ* DNA-based diagnostic assays.

I.C.E.S. of North Carolina, Ltd.

Joe D. Carroll, Vice President

Johnathan Davie, Branch Manager - (919) 549-0250

I.C.E.S., Ltd. provides technical professionals in the data processing and engineering areas including a full range of services in such areas as: computer facility management, video teleconferencing (VTC); systems integration; client server software development; fiber optics; local and wide area network development; and computer acquisition, installation and maintenance.

LRX Pharmaceuticals

James W. Crow, Ph.D., President

Shelmer D. Blackburn, Jr., Director of Operations - (919) 485-8350

Lung Rx, Inc. is a niche pharmaceutical and disease management company devoted to the acquisition, development and marketing of improved therapies for patients with serious pulmonary diseases. For more details see our home page at <http://lungrx.com>

Natural Pharmacia International, Inc.

Tina S. Lee - (919) 558-0018

A natural products laboratory focused on the development of natural (herbal-based) remedies for health care.

North Carolina Technological Development Authority, Inc.

John Ciannamea, President - (919) 990-8558

Innovation Research Fund: A revolving venture capital fund providing flexible financing to emerging innovation-oriented businesses in North Carolina.

First Flight Venture Center: A business incubator providing facilities and services for technology-based companies in Research Triangle Park.

Incubator Facilities Program: A financing program that assists the formation and start-up of business incubators throughout North Carolina.

Rural Loan Program: A flexible debt financing program for companies and incubator projects in rural communities.

For more details, see our home page at <http://www.nctda.org>

Orologic, Inc.

Raif Onvural - Founder -

Orologic Inc. is a fabless silicon semiconductor company, founded to design and develop application specific integrated circuits (ASICs) and associated software for Layer 2 and Layer 3 switches and routers with Quality of Service (QoS) and Class of Service (CoS) capabilities which uniquely address the requirements of emerging networking technologies.

Paragon Advances Technology, Inc.

485-8490

Paragon is a software development company for the telecommunications industry that specializes in operator and attendant backed services.

TriState Investment Group II

Jim Newton, Administrator - (919) 558-2049

TriState Investment Group II, LLC is a group of investors dedicated to providing equity capital to early and mid stage private entrepreneurial companies which are attempting to capitalize on new technologies or changing market conditions.

Unitive Electronics Inc.

Wayne C. McMachon - CEO

Unitive Electronics was formed to deploy MCNC's advanced packaging technology into a rapidly emerging market by replacing the existing packaging service with a solder bumping service. With the advances in technology and growth in customer bases, expansions will include high density substrate manufacturing and eventually module design and manufacturing.

VAR. CODE

Christian Stalberg, President-CEO - (919) 549-0214

VAR. CODE provides business solutions using the Internet and related technologies to small and medium-sized companies.

FIRST FLIGHT VENTURE CENTER
Graduate Firms

Alternate Realities Corporation

Dave T. Bennett - Vice President - (919) 467-6200 - Morrisville, North Carolina
A manufacturing and research corporation dealing in technology related business products and services with particular emphasis on large-scale 3D display devices and Virtual Reality environment.

American Data Technology, Inc.

Michael Salim - (919) 558-8842 - Durham, North Carolina
American Data Technology, Inc. is a computer consultancy providing Internet solutions including **World Wide Web Services**. American Data Technology also supplies PC hardware, Point-of-Sale software and customized software in C/C++/Unix and FoxPro. More details are available in the home page <http://www.localweb.com/>

Astarix, Inc.

Mark Kellam/Gershon Kedem
Patented process for low-volume, fast turnaround custom ASIC design.

The Aurora Funds, Inc.

Scott Albert / Jeff Clark - Partners - (919) 484-0400 - Durham, North Carolina
Aurora Funds is a North Carolina based venture capital company formed to make seed and early stage investments in information and life science companies located principally in the Southeastern United States.

Computer Security Co., Inc.

Jerry Power, President - (919) 693-1999 - Oxford, North Carolina
Provides off-site optical magnetic data-storage transferable and retrievable through modems.

Enterprise Research, Inc.

Keith White, President - (919) 406-0067
Research and Development of large IBM System Software.

Diamond Books/InfoCafe

F. Andre Fortune, Partner - (919) 968-0406 - Chapel Hill, North Carolina
Diamond Books/InfoCafe is a working prototype offering all books, audiobooks, and multimedia CDs in print "on-demand". Using DB/I as a model the company is currently developing electronic delivery system and inventory management components for on-demand applications.

Entrepreneurial Assistance, Inc.

Charmayne DeLargy, President - (919) 687-4387 - Durham, North Carolina
Provides automated bookkeeping, payroll and accounting services including reporting to state, federal and local government; general administration including comprehensive clerical and secretarial services to small-to-medium sized companies with emphasis on start-up companies.

FED Corporation

Gary Jones, President - (914) 892-1900 - Hopewell Junction, New York
Develops and manufactures advanced video displays and other electronic products based in microstructural field emitter based technology.

Ganymede Software Inc.

Tim Huntley, President - (919) 469-0997 - Morrisville, North Carolina
Founded in March 1995, Ganymede Software Inc. is a company that produces network management application software. The first product family focuses on performance management and test of large multiprotocol data networks.

Hybrizyme Corporation

Dr. Randy L. Allen, CEO - (919) 547-5678

Hybrizyme Corporation develops diagnostic assay kits for the detection of environmental contaminants based upon the underlying genetic mechanisms of toxicology. The tests developed by Hybrizyme will be applicable to environmental, medical, pharmaceutical and food testing

Industrial Computer Systems, Inc.

Tom Lyerly, President -

Provides a complete menu of contract hardware and software systems design services with proficiency in systems that include advanced microprocessors, precision analog, programmable digital and communications devices.

Integrated Electronic Innovation, Inc.

Steve Bobbio, Vice President of Marketing - (919) 461-3773 - Cary, North Carolina

Micro-Electronics Hardware Design and Engineering.

Ivex Corporation

Henry Rich - (919) 406-1630 - Morrisville, North Carolina

IVEX, based in Norcross, Georgia, is one of only five FAA certified companies that manufactures and sells interactive, photo realistic, 3-D imaging systems for flight training simulation.

J.C. Max, Inc.

Cyrus Rahman - (919) 558-0700 - Durham, North Carolina

J.C. Max, Inc. has developed software that displays mail-order catalogs in an interactive format on the Internet, allowing Internet users to search through catalogs for the particular product or service they need. More details are available in the home page

<http://www.jcmax.com>

Kohl Research, Inc.

Solomon Cole, President -

Design and development of communication systems robotics systems.

Lab Resources, Inc.

Dr. Brad Benson, President

Provides organic compound databases and assay development.

Live Data Systems, Inc.

Philip Busby, President - (919) 544-7219 - Durham, North Carolina

Real-time and full-screen software development for financial and manufacturing applications using RMX, C and SAS.

Micro Medium, Inc.

Martin Renkis, President - (919) 303-6022 - Apex, North Carolina

Development of "Digital Trainer", a software system for producing customized windows-based multi-media industrial training programs (including audio, video and images).

Mind Tools Corporation

Mark Cornwell, President - Durham, North Carolina

Development of Personal Computer Software providing graphical user interfaces to on-line services. Related software development for C++/Windows environments.

North Carolina Health Care Information and Communications Alliance

Holt Anderson - (919) 558-9258 - Research Triangle Park, North Carolina

Development and implementation of a statewide health care information system for the purpose of improving the delivery, quality, accessibility and efficiency of health care services in North Carolina by utilization of advanced information, telecommunications, and telemedicine technologies.

PTS Co.

John Driscoll, President - (919) 362-1501 - Raleigh, North Carolina

Design and manufacture of advanced semiconductor devices for power electronics applications.

SDI

Joseph A. Nadar - (919) 319-1727 - Raleigh, North Carolina

Research and development of software products which automate environmental programs and other business processes.

SMARTsystems

George Grubbs, President

Provides development and management services for software projects. The company specializes in object technology, especially C++ and Windows, and rapid application development.

Technical Systems Integrators, Inc.

Rob McCance - Durham, North Carolina

"TSI" offers software, support services and consulting for Electronic Design Automation. Applications include electronic design entry, simulation/verification and physical layout.

Technology and Growth Management, Inc.

Robin Burk, President - (919) 419-0064 - Durham, North Carolina

Provides consulting and training services to small and mid-sized, technology-based companies with an emphasis on the areas of software, electronics and telecommunications.

VoxNet Corporation

Gilbert Bauman, President - (919) 644-6200 - Burlington, North Carolina

Development of computer telephone integrated products and services.

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Natural and Economic Resources

December 16, 1997

Name of Committee

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

[illegible]

**Joint Appropriations Subcommittee on
Natural and Economic Resources
Wednesday, December 17**

9:00 AM – 4:15 PM

Department of Environment and Natural Resources

1. Exide Electronics

Overviews:

Gary Hunt - Director, Pollution Prevention and Environmental Assistance
David Rachels - Plant Manager, Exide Electronics

Exide Electronics Site Visit - Depart from LOB at 9:30

2. Jordan Lake Area

Site Visits - Lunch provided at the Jordan Lake Educational State Forest Building

- Educational State Forest - Forestry Presentation/Talking Trees Trail
Stan Adams, Division of Forest Resources
Anne Taylor, Environmental Education
- Cary Water Intake
John Morris, Division of Water Quality
- Jordan Lake State Recreation Area
Phil McKnelly, Division of Parks and Recreation

**Joint Appropriations Subcommittee
On
Natural and Economic Resources**

Wednesday, December 17, 1997 at 10:00 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, December 17, at 10:00 a.m. in Room 423 of the Legislative Office Building. Five Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Mitchell, Baker, Carpenter, Fox, Hall, Owens, Tolson, Allen and Weatherly were present.

Mr. Gary Hunt, Division Director of Exide Electronics, discussed the role of Pollution Prevention and Environmental Assistance (PPEA), which is to provide technical assistance to businesses on cost-effective ways to prevent pollution. PPEA encourages businesses to develop environmental management systems (EMS) to guide their company's waste management efforts and to manage environmental impacts. DENR is interested in determining how a company's EMS affects environmental performance, regulatory compliance, and pollution prevention, relative to the cost of waste management initiatives. To that end, DENR is participating in a nine state pilot project, which includes six North Carolina companies, to gather information and data on waste handling programs to analyze the effects of business activities on the environment.

Mr. David Rachels, Plant Manager for Exide Electronics, discussed operations for the Raleigh-based company. Exide produces uninterruptable power systems (UPS) that provide power protection for computers, avionics, and other sensitive electrical equipment during power disruptions. Exide approaches the issue of waste generated by UPS through its "Clean, Green, and Mean" program. This program strives for continuous improvement of services, to improve manufacturing processes, to implement recycling programs, and to identify and eliminate hazardous waste sources while exceeding all environmental regulatory requirements. Rachels and Exide Electronics hosted the Subcommittee later that morning for a walking tour of the production facilities.

DENR arranged to have personnel from the Division of Land Resources accompany members on the bus ride to Jordan Lake to explain the Sedimentation Control Program as it relates to construction along Highway 64. Mr. John Holly, from DENR's Raleigh

Regional Office, described and pointed out various erosion control measures employed by the Department of Transportation (DOT) to eliminate and reduce runoff from highway projects. Holly also explained the delegation of authority to DOT for preparing and approving erosion and sedimentation control plans for all road construction and maintenance activities impacting more than one acre of land. The Division of Land Resources is responsible for monitoring DOT's activities, including spot checks to ensure compliance with the Sedimentation Pollution Control Act.


Mr. Stan Adams, Division Director for Forest resources and Ms. Anne Taylor, Director of the Office of Environmental Education hosted the subcommittee for lunch and a tour of Jordan Lake Educational State Forest. Taylor's remarks centered on the use of environmental education as an environmental management tool to increase awareness and knowledge among children and adults. She also emphasized the distinction between regulatory and technical assistance programs and the activities of her office, which serves as a clearinghouse for environmental education activities. Through Project Tomorrow, an environmental education grant program the office is able to assist schools in building their library collections with environmentally related educational materials. The 1997 General Assembly appropriated \$200,000 for this purpose. Up to \$500 per grant may be used to sponsor field trips to environmental education centers throughout North Carolina.

Stan Adams commented on the value of the educational state Forest (ESF) system to the environmental education concept. Educational State Forests supplement programs of local school districts, serving as "outdoor labs" to promote the value of the forest. Diane Steltz, Forest Supervisor at Jordan Lake, estimated that 30 to 150 children attend activities at the ESF on weekdays. She and her staff conduct teacher workshops on ways to incorporate the forest and its functions into their daily science curriculum. The visit concluded with a tour by Steltz and David Andres (District 3 Forester) of the forest and the talking trees trail.

Mr. Mike Seigh, Jordan Lake Superintendent and Mr. Phil McKnelly, Division Director for Parks and Recreation greeted the subcommittee at the Jordan Lake State recreation Area following the educational state forest visit. The recreation area provides visitors with fishing, boating, skiing, and other water based activities. Staff at the recreation area consists of 20 commissioned employees, 10 maintenance employees, an office assistant, and 60 seasonal employees.

Mr. John Morris, Division Director for Water resources, and Town of Cary officials welcomed the members at the Cary water intake site at Jordan Lake. A U.S. Army Corps of Engineers' multi-purpose lake in Chatham County, Jordan Lake is designed to provide flood control, water supply, recreation, and water flow augmentation. Morris and Cary officials addressed questions as members toured the intake facility.

This concluded the meeting.



Carolyn M. Gooden, Committee Clerk

Senator R.L. Martin, Chairman

Environmental Management Systems Project with Exide Electronics

INTRODUCTION

An Environmental Management System (EMS) is a system that companies can use to manage their impact on the environment. The International Organization for Standardization has developed an internationally accepted model for an EMS. This model is known as ISO 14001. The ISO 14001 describes the steps, policies and programs that a company can follow when developing and implementing an EMS.

Once the company has implemented an EMS, the system can be audited by a third party auditor to make sure that it conforms with internationally accepted model, ISO 14001. The company is then registered to ISO 14001.

The international standard was finalized in October 1996 and since that time, many companies in the US and the rest of the world have registered to the standard. Several companies in North Carolina, including Exide Electronics, are currently pursuing registration or are interested in registration.

PURPOSE OF NC DENR PILOT PROJECT

North Carolina DENR is interested in testing the value of an EMS based on the ISO 14001 in terms of how a company performs with respect to its environmental impact. DENR is interested in determining the effect of an EMS on environmental performance, compliance, costs/benefits, pollution prevention, and interested party involvement. Exide Electronics has agreed to participate in this project by allowing DENR to become part of their EMS team and by agreeing to provide DENR with relevant data.

DENR is also working with nine other states that will be running pilot projects in their states. All states will collect the same types of data and the data will be stored and analyzed at UNC-Chapel Hill.

The other North Carolina companies that are participating in the project are :
Cooper Tools, Motorola, Honda, Konica and Camp Lejeune.

Comments Regarding Erosion and Sedimentation Control
Delegation to the North Carolina Department of Transportation

NCDENR Legislative Tour

December 17, 1997

- Sediment is the number one water pollutant by volume in North Carolina. Highway and road construction and maintenance are included in the legislative definition of land-disturbing activities regulated under the SPCA. Without proper controls, these activities can contribute to the sedimentation of lakes and natural watercourses.
- This highway construction along U.S. Highway 64 is an example of a long-term partnering effort between the Department of Environment and Natural Resources (NCDENR), the Sedimentation Control Commission and the Division of Highways within the Department of Transportation (NCDOT).
- In 1974 the Sedimentation Pollution Control Act of 1973 (SPCA) became effective. That same year the Sedimentation Control Commission delegated an erosion and sedimentation control program to the Division of Highways. Through this delegation, NCDOT prepares and approves erosion and sedimentation control plans for all highway and road construction and maintenance activities which disturb more than one (1) acre of land.
- The delegation is comprehensive and includes processes for construction management of Best Management Practices and internal quality control by NCDOT staff as well as an annual reporting requirement to the Sedimentation Control Commission. The staff of the Land Quality Section within the Division of Land Resources, NCDENR monitors the delegation for the Commission, inspects NCDOT projects for compliance and reports the status of the delegation to the Commission annually.
- The delegation provides NCDOT with the ability to take proactive measures toward environmental stewardship. Project planning considers erosion and sedimentation control needs and these needs are reflected on construction plans before projects begin. Construction contracts contain standard and special provisions for erosion and sedimentation control measures to be provided by contractors. Project inspections ensure that the approved plans are implemented and are effective in controlling erosion and preventing sedimentation damage.
- Without proper erosion and sedimentation control, highway construction projects such as these could generate significant sediment loss to receiving streams, wetlands and lakes such as Jordan Lake (we will cross the lake on this tour). Sedimentation and related turbidity from very fine-grained, eroded soils can, under certain circumstances, contribute to numerous water quality problems including the transport of nutrients, organic toxins and metals.

- These cumulative impacts can be even more serious when the receiving watercourse is located within a Nutrient Sensitive Watershed (such as the Neuse River Basin), a High Quality Watershed, a Water Supply Watershed, a Primary Nursery Area, Shellfish Waters, Critical Habitat Areas or a number of other sensitive surface water bodies.
- This delegation to NCDOT is the only such program ever delegated by the Commission. It is vitally important because it encourages a cooperative effort toward an effective program which meets the intent of the current regulatory requirements while allowing the NCDOT to take ownership of the program and manage it in a manner consistent with other transportation needs and objectives.
- The delegation is also important because the NCDENR does not have the staff and supporting resources to adequately review erosion and sedimentation control plans or conduct inspections of all projects conducted by the NCDOT and its contractors. NCDOT is the largest customer of the Land Quality Section within the NCDENR. It is, therefore, very important that both departments continuously maintain and improve this delegation to best serve the interests of North Carolina and to ensure that both departments fulfill their respective legislative mandates.
- Governor Hunt has personally communicated his strong support for improving erosion and sedimentation control efforts to the NCDENR and the Sedimentation Control Commission. You may recall the media coverage this past summer of the turbidity plume which originated in the Crabtree Creek Watershed and extended down the Neuse River to New Bern and beyond. At the Governor's direction, the Commission is currently involved in a number of initiatives aimed at strengthening the overall erosion and sedimentation control efforts in North Carolina. This may include both proposed legislative amendments to the SPCA and expansion budget requests for the Land Quality Section, NCDENR. We hope that you will be aware of these needs and be supportive of requests in this regard that the Governor and the NCDENR may bring to the General Assembly.

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LEGTOUR1.DOC

STATUS OF IMPLEMENTATION OF
THE NORTH CAROLINA ENVIRONMENTAL EDUCATION PLAN
Anne Taylor, Director, Office of Environmental Education
Department of Environment, Health, and Natural Resources
Post Office Box 27687, Raleigh, North Carolina 27611
919-733-0711 FAX 919-733-1616 anne_taylor@mail.ehnr.state.nc.us
JULY 1997

A report on the Status of the *North Carolina Environmental Education Plan* :

Since the *North Carolina Environmental Education Plan* was developed by 1,300 North Carolinians and presented to the Governor in April of 1995, citizens across the state have been hard at work implementing the 14 objectives set forth in the Plan.

- One of the nation's first Environmental Education Certification Programs has been developed and the first twenty five certified educators were recognized at a banquet in January of this year. Over 400 educators have enrolled.
- The nation's only Association of Environmental Education Centers has been created and its leaders were elected in January. There are 124 EE Centers in North Carolina.
- Colleges and Universities have collaborated to identify and publish a *Directory of Environmental Education Degree Programs, Course, and Internships*. The draft is under review and the final directory should be published in October of 1997.
- A central Clearinghouse for statewide communication about environmental education programs, facilities and resources is well established with monthly News Tips, an electronic list server, a World Wide Web Home Page, and publications providing ease of access to the state's available resources, such as a Teacher's Guide to EE Programs, and a Guide to EE Centers in NC. The statewide Conference is regularly attended by over 700 participants.
- Thirteen K-12 environmental education teacher training activity guides have been correlated to the Department of Public Instruction's Standard Courses of Study for Math, Science, Language Arts and Social Studies and are available on electronic diskette free of charge.
- Sixty two Project Tomorrow environmental education library collection \$1,000 grants have been made to school media centers K-12. The North Carolina General Assembly is considering a \$200,000 appropriation for this grant program. (See below)
- North Carolina research quality environmental data is being integrated into classrooms as a result of three teacher training workshops using geographic information systems (GIS) to develop classroom activities.
- The Governor and members of the North Carolina House of Representatives and the Senate have proposed a \$200,000 Environmental Education Trust Fund to enhance environmental education library collections for school media centers, public libraries, and environmental education centers.
- Partnerships between Duke Power, CP&L, and North Carolina Power have resulted in an innovative adult education initiative using utility billings to raise public awareness about customer's "Ecological Address". The Department of Transportation installed road signs educating travelers about the river basin they are entering and leaving.
- The second year of a partnership with International Paper has produced the popular Love A Tree program where 6700 environmental education kits containing resources from 12 environmental education organizations were delivered to 63 environmental education centers and picked up by 900 classroom teachers for use with their students. This entailed a \$200,000 investment by International Paper in 1997.

- Partnerships with the media, such as the April 20, 1997 N&O supplement, reaching 200,000 households, are helping bring environmental awareness into North Carolina homes and businesses.

- Adult education is taking place through the Environmental Education River Basin Strategy "Know Your Ecological Address". Initiatives underway include:

"Neuse River Basin" highway signs placed at 38 locations in 12 counties to educate travelers that they live, work and go to school within a river basin.

Duke Power, CP&L, North Carolina Power included "Know Your Ecological Address"/"Know Your River Basin" educational information in utility bill mailings to 2 million households statewide and will continue for three more mailings.

Ten home lawn fertilizer and lawn care industry executives from 6 states are collaborating to promote public awareness of natural systems under the theme of "Do You Know Your Ecological Address" in order to make informed decisions about home lawn care. The campaign is to begin in the Spring of 1998.

All 378 public libraries in North Carolina now have river basin resource information for their patrons.

A PSA funded by the North Carolina Wildlife Federation featuring children talking about their ecological address has been distributed to TV stations in four of the state's 17 river basins.

Each of the fourteen objectives is designed to further the goal of environmental education in North Carolina - to have a citizenry with the knowledge, understanding and skills to nurture this "goodliest land under the cope of heaven" through sound decision-making and responsible stewardship of North Carolina's environment.

Office of Environmental Education

North Carolina Department of Environment and Natural Resources

P.O. Box 27687, Raleigh, North Carolina 27611-7687

919-733-0711 or 800-482-8724, Fax: 919 733-1616

Internet Electronic Mail - ncee@mail.ehnr.state.nc.us

World Wide Web URL - <http://www.ehnr.state.nc.us/EHNR/ee>

Environmental education is an active process that increases awareness, knowledge and skills that result in understanding, commitment, informed decisions and constructive action to ensure stewardship of all interdependent parts of the earth's environment.

- Definition from the North Carolina Environmental Education Plan

The Office of Environmental Education serves a coordinating role among schools, colleges, state and federal agencies, citizens groups, and the business/industrial community in promoting environmental education and natural resource stewardship. As a guardian of the North Carolina Environmental Education Plan, the Office looks to that plan's fourteen objectives to guide its efforts. Those efforts include involvement in pre-service and in-service teacher education, an information clearinghouse, curriculum correlation, model library collection, educational access to environmental data, evaluation, informal environmental education centers, government agencies, funding, partnerships, the media, and adult education. The following items describe the coordination activities of the Office, and provide contact information needed to get more information about specific activities.

These resources are available free upon request:

The North Carolina Environmental Education Plan

The North Carolina Environmental Education Plan is the culmination of 18 months of public input and hard work. Developed in response to the Environmental Education Act of 1993, each objective of the Plan was formulated from the ideas and experiences of over 1,300 educators, citizens, and representatives of business, industry, and government agencies. Implementation of many objectives is already underway and strategies for the remainder are now being formulated.

Teacher's Guide to Environmental Education Programs and Resources

K-12 programs and resources of the North Carolina Zoo, Aquariums, Forests, Parks, Museum of Natural Sciences, Wildlife Resources Commission, and many others are catalogued for easy reference. The guide is organized into four main categories: Environmental Education Programs and Activities That Come To You, Environmental Education Field Trips and Site Visits, Educational Opportunities For Teachers, and Environmental Education Support Materials.

Neuse River Basin Supplement to the Teachers' Guide to Environmental Education

Intended as a supplement to the Teachers' Guide listed above, this booklet provides program, audience, location, schedule and contact information for over 52 resources specifically addressing water quality and water basin issues and available in the Neuse River basin region. Resource sponsors include state and local governments, environmental education centers, and private organizations.

Environmental Education Correlation

Available on computer diskette or by downloading from the Internet's World Wide Web, this database correlates activities in the teacher manuals of Project Learning Tree, Project WILD, Aquatic WILD, Project Estuary, Sound Ideas and eight State Park Environmental Education Learning Experiences (EELEs) with the Standard Course of Study objectives for Science, Social Studies, Mathematics and English Language Arts. Request DOS or Mac format for grades K-5, 6-8, or 9-12. The Macintosh version is a stand-alone database program, but the DOS version requires Microsoft Works software to access the database.

Environmental Education Certification Program

This program recognizes any educator who completes a specified number of requirements in environmental education skill areas. Certification requires completion of environmental education workshops, other experiences and demonstration of teaching skills. A brochure and complete application package as well as eligibility criteria for workshop sponsors is available. A \$25 filing fee is required when submitting an application.

Project Tomorrow

Project Tomorrow provides financial and other support to develop and enhance model environmental education library collections and promote the integration of environmental education in the teaching of North Carolina's competency-based curriculum. The next round of awards will be made in the Spring of 1998. Application materials including a 1997-98 suggested bibliography will be available in the Fall of 1997. Request a copy of the 1995-96 bibliography or place your name on the mailing list to receive the 1998 application materials.

Discover Your Ecological Address

Features a brochure describing several components of your ecological address, including river basin and airshed, also includes suggested activities and resources to use in learning more about your place in North Carolina's ecosystems. A colorful Ecological Address poster with a 4" X 7" map of North Carolina's river basins is also available. A large format 40" X 19" full-color map of North Carolina's River Basins, suitable for mounting, is available one per school library or media center. Others may purchase this map for \$5.

Citizen's Guide to Neuse River Basin Environmental Education Programs and Resources

Developed in response to a mandate from the Senate Select Committee on River Water Quality and Fish Kills, the Citizen's Guide identifies 150 environmental education programs and resources of the Neuse River Basin. It includes a color map of the Neuse River Basin, sections on "Your Ecological Address" and "What You Can Do", and is indexed by program, organization, audience, program type, and counties served.

Guide to Environmental Education Centers in North Carolina

The Guide provides program information, site features, directions, contact information, state location map, and a matrix of 26 services for over 120 environmental education centers across North Carolina. Centers are listed alphabetically and by county.

North Carolina Environmental Education Clearinghouse

Many of the documents described here are available in an interactive electronic format on the World Wide Web via the NC Environmental Education Clearinghouse home page. The URL is <http://www.ehnr.state.nc.us/EHNR/ee/>. Point your web browser to that address and take a look. While browsing you may send us a message, respond to a question, post your review of an EE resource, and download the curriculum correlation guide listed above. If you'd like to get more out of your E-Mail box you can subscribe to the NC Environmental Education electronic mail list and receive updates as well as participate in discussions over the Internet. We also distribute via the U.S. Mail monthly News Tips to newsletter editors for use in organization newsletters or bulletins.

CONTACTS FOR FURTHER INFORMATION

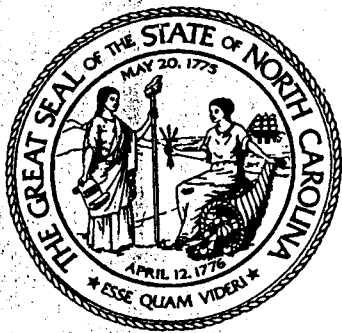
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Lisa Tolley, River Basin Adult Education <i>River Basins, Adult Education</i>	lisa_tolley@mail.ehnr.state.nc.us
Amy Reese, River Basin Adult Education <i>Environmental Education Centers</i>	amy_reese@mail.ehnr.state.nc.us
Judy Pope, Educational Programs <i>Curriculum Correlation, Project Tomorrow</i>	judy_pope@mail.ehnr.state.nc.us
Betty Blades, River Basin Adult Education <i>River Basins, Adult Education</i>	betty_blades@mail.ehnr.state.nc.us
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Michael Cramer, Department Librarian	michael_cramer@mail.ehnr.state.nc.us
Ruby Jones-Elleby, Assistant Librarian	ruby_elleby@mail.ehnr.state.nc.us
Mary-Walter Rumley, Regional Manager <i>Environmental Education Certification Program, Teacher's Guide and Supplement</i>	mrumley@waro.ehnr.state.nc.us
NCDENR-Washington Regional Office 1424 Carolina Avenue, Washington, NC 27889 919-946-6481, extension 313	

September 1997



THE NORTH CAROLINA ENVIRONMENTAL EDUCATION PLAN

APRIL 1995



STATE OF NORTH CAROLINA

PERFORMANCE AUDIT

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
DIVISION OF MARINE FISHERIES

JANUARY 1998

OFFICE OF THE STATE AUDITOR
RALPH CAMPBELL, JR.
State Auditor

Jordan Lake State Recreation Area Fact Sheet

Administration

1994 - 95 Expenditures: \$ 1,450,000
1994 - 95 Revenues : \$ 624,283
1995 - 96 Expenditures: \$ 1,417,000
1995 - 96 Revenues: \$ 645,793
1996 - 97 Expenditures: \$ 1,485,000 (Fran Year)
1996 - 97 Revenues: \$ 640,670 (Fran Year)

Twenty Commissioned Employees
Ten Maintenance Employees
One Office Assistant
Sixty Seasonal Employee Positions

Interpretive and Educational Programming

1995: 184 programs presented with over 15,000 participants
1996: 155 programs presented with over 20,000 participants

Five Environmental Educational Learning Experience Workshops held with approximately 70 teachers present.

Park Rangers respond to program requests on site and in Chatham, Wake, Orange, and Durham Counties.

Operations

1994 Attendance: 1,362,016
1995 Attendance: 1,315,299
1996 Attendance: 1,215,754 (Fran Year)

There are **nine** recreational areas consisting of 4,000 acres (13 % of total project lands).
Over **\$40 million** of construction at the recreation areas funded by the federal government.

Maintenance

Approximately 100 buildings; 4 wastewater treatment plant low pressure Wastewater treatment systems; 36 sewage lift stations; 12 wells and water storage buildings; and 25 miles of paved roadways.

JORDAN LAKE STATE RECREATION AREA
FEE SCHEDULE
EFFECTIVE MAY 1, 1997

AREAS OF OPERATION

FACILITIES

State Management Center	Park Office, Maintenance Complex
Crosswinds Boat Ramp	Boat ramps (June, July and Aug., open holidays and weekends only)
Crosswinds Campground	Tent and RV camping (duplex sites available), (boat ramp and swim beach for campers only)
Ebenezer	Boat ramps (24-hour), picnic area, public swim beach
New Hope Overlook	Hike-in tent camping, boat ramps
Parkers Creek	Tent and RV camping, group tent camping, public swimming, picnicking, (boat ramp for campers only)
Poplar Point	Tent and RV camping, (boat ramp and swim beach for campers only)
Robeson Creek	Boat Ramps (24-hour)
Seaforth	Boat ramps, picnic area, public swim beach
Vista Point	Boat ramps, sailing beach, picnic area, group camping (RV and tent)

HOURS OF OPERATION

May, June, July, and August	8:00 AM - 9:00 PM
September, October, and April	8:00 AM - 8:00 PM
March only	8:00 AM - 7:00 PM
November thru February	8:00 AM - 6:00 PM
Park Office	Mon. - Fri. 8:00 AM - 5:00 PM

FEES

Admission:	April, May, and September (weekends only) Memorial Day through Labor Day (daily)	
Cars and motorcycles	\$4.00 daily	Senior Citizens: \$3.00 daily
Buses	\$10.00 daily	
Hike-In Camping:	\$8.00 daily	
Family Camping:		
With electricity	\$17.00 daily	Senior Citizens: \$14.00 daily
Without electricity	\$12.00 daily	Senior Citizens: \$10.00 daily
Duplex sites: Crosswinds Campground only		
With electricity	\$34.00 daily	Senior Citizens: \$28.00 daily
Without Electricity	\$24.00 daily	Senior Citizens: \$20.00 daily
Group Tent Camping:	\$35.00 night	
Picnic Shelters:		
12 - table	\$75.00 daily	
8 - table	\$50.00 daily	
4 - table	\$35.00 daily	

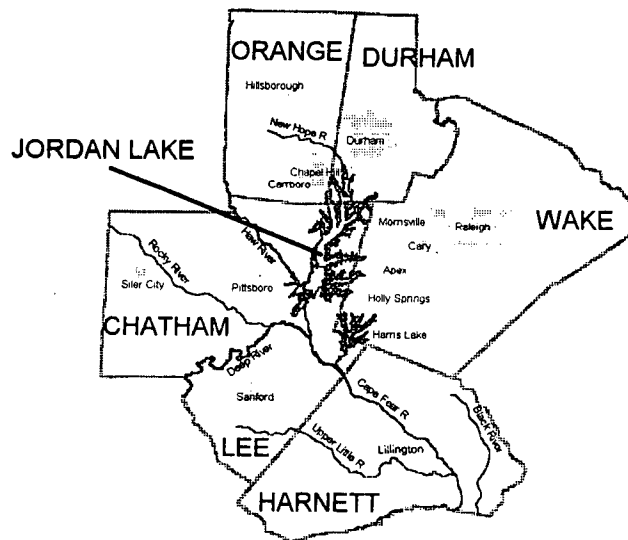
Reservations for picnic shelters does not cover entrance fee nor does it guarantee parking at these recreation areas.
Cancellations MUST be made two weeks prior to reservation date for a full refund.

Please recycle all aluminum cans in the proper bin or receptacle.

JORDAN LAKE - FACT SHEET

Jordan Lake Description

B. Everett Jordan Lake is a U.S. Army Corps of Engineers multi-purpose lake in Chatham County. Construction on the dam started in 1967 and Jordan Lake completed filling in 1982. As seen in the Figure below, the dam is located on the Haw River just downstream of the confluence of the Haw and New Hope Rivers, with most of the lake's storage being in the New Hope basin.



The lake is designed to provide for flood control, water supply, recreation, fish and wildlife management, and flow augmentation to maintain downstream water quality during natural low flow periods. As is typical for multi-purpose reservoirs, the lake's storage volume is divided vertically into several "pools" which are keyed to lake level elevations. Specifically, there is the flood pool, which provides for flood control storage, the conservation pool, which provides for water supply and low flow augmentation, and the sediment pool, which provides for the accumulation of sediment. The conservation pool is able to furnish approximately 100 million gallons per day (MGD) even during a severe drought.

In addition to water supply, the lake's conservation storage provides 94,600 acre-feet for downstream flow augmentation to benefit water quality and economic development. The flow augmentation storage is used to maintain a minimum flow of about 600 cfs at Lillington. The minimum streamflow recorded by the USGS at Lillington prior to Jordan Lake's impoundment was 11 cfs. Storage capacity for flow augmentation is provided in addition to storage for the 100 MGD water supply.

Jordan Lake Water Supply Allocation Process

The State of North Carolina has contracted for the entire water supply storage in Jordan Lake and, under G.S. 143-354(a)(11), can assign this storage to any county or municipality or any other local government having a need for water supply storage. Administrative rule T15A: 02G .0500 describes the specific procedures to be used in allocating the Jordan Lake water supply storage.

Initial allocations to six local governments were made in 1988, two of which have since given up their allocations. In May, 1996 the Division of Water Resources received eight additional allocation requests from local governments. A ninth allocation request was received from Harnett County in February, 1997. After a comprehensive application review

by the Division, allocation recommendations were prepared and a public hearing was subsequently held on June 23, 1997. Based on the comments received, revisions were made and on December 11, 1997 the Environmental Management Commission adopted the Jordan Lake water supply storage allocations and contract changes as recommended by the Division of Water Resources and the Hearing Officer. Incorporating these recent changes, the Jordan Lake water supply pool is currently allocated as follows:

Applicant	Current Allocation (MGD)	Requested Additional Allocation (MGD)	Recommended Additional Allocation (MGD)	Interbasin Transfer Certification Required
Chatham County	6.0	7.0		Possible
Durham	none	25.0	0.0	No
Fayetteville	none	20.0	0.0	No
Greensboro	none	25.0	0.0	No
Holly Springs	none	4.5	2.0	No
Cary/Apex	16.0	29.0	5.0	Yes
Morrisville	none	4.5	2.5	Yes
Wake County/ Research Triangle Park	none	3.5	1.5	Yes
Harnett County	none	12.0		Possible
OWASA	10.0	none	N/A	
Orange County	1.0	none	N/A	

Interbasin Transfer

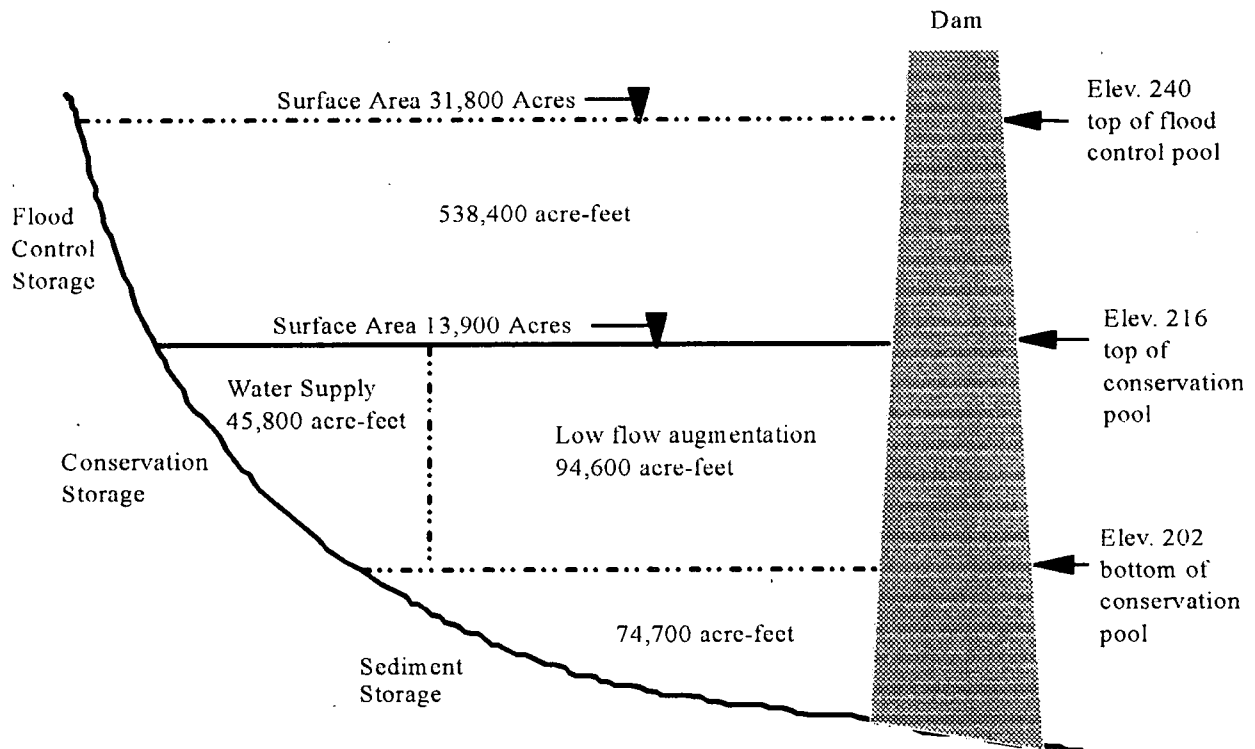
In 1993, the Legislature adopted the Regulation of Surface Water Transfers Act (G.S. 143-215.22I). An interbasin transfer of water occurs when water is withdrawn from one of the 38 defined river basins and any portion of this water is discharged into a river basin different from the origin. This law regulates large surface water transfers between river basins by requiring a certificate from the Environmental Management Commission (EMC). Based on this statute, the EMC decided on December 11, 1997 to delay final decision on those allocation requests requiring interbasin transfer certification (as shown in the table above) until the interbasin transfer review process is completed.

Costs and Repayment Requirements

Jordan Lake was financed and constructed by the Federal government through the U.S. Army Corps of Engineers. Storage space for municipal and industrial water supply was included at the request of state officials with the understanding that the costs associated with this water supply storage would be paid for by the actual users. A North Carolina statute (G.S. 143-215.38) authorized the State, acting through the EMC, to assume repayment responsibilities for these costs. The costs associated with providing water supply storage in Jordan Lake fall into three basic categories: capital costs, operating costs, and administrative costs. The total annual cost for each one MGD allocation out of Jordan Lake varies with a number of parameters, including when the allocation is received, when water is actually withdrawn, the length of the payback period, and variable annual operating expenses. As an example, for each new, one MGD of water supply withdrawal beginning in 1997, the total annual cost is estimated to be \$4136.¹ An additional administration charge of \$250 will be added to each bill regardless of the total number of MGD allocated.

¹Under the assumptions of a 20-year payback period for capital costs, accrued interest, and accrued operating costs; an annual nominal interest rate of 3.225%; operation and maintenance and rehabilitation costs based on 1995 figures; and an average yearly estimate for replacement costs.

JORDAN LAKE WATER STORAGE CAPACITY



VISITOR REGISTRATION SHEET

APPROPRIATIONS/Natural and Economic Resources

December 17 1997

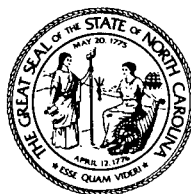
Name of Committee

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

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NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH 27603



MEMORANDUM

TO: Members of the Appropriations Sub-Committee on
Natural and Economic Resources

FROM: Representative Frank Mitchell, House Co-Chair
Senator R. Martin, Senate Chair

DATE: February 5, 1998

**JOINT APPROPRIATIONS SUB-COMMITTEE ON
NATURAL AND ECONOMIC RESOURCES
MEETING**

DATE & TIME: Tuesday, February 17, 1998 10:00 a.m.
Wednesday, February 18, 1998 9:00 a.m.
Thursday, February 19, 1998 9:00 a.m.

LOCATION: Room 423 LOB

If you have any questions, please contact one of our staff members:

Jennifer Herrera, Fiscal Research	733-4910
Mona Moon, Fiscal Research	733-4910
Mark Trogdon, Fiscal Research	733-4910
Carolyn Gooden, Senate Clerk	715-3040
Susan West, House Clerk	733-5959



**Joint Appropriations Subcommittee on
Natural and Economic Resources**

Tuesday, February 17, 1998

10:00 AM, Room 423

1. Performance Audit of the Division of Marine Fisheries

- Report on Performance Audit

Ralph Campbell
State Auditor

- Departmental Response to Audit Findings and Recommendations

Sherri Evans-Stanton, Assistant Secretary
Department of Environment and Natural Resources

Preston Pate, Director
Division of Marine Fisheries
Department of Environment and Natural Resources

2. Travel and Tourism Program

- Report on FY 97-98 Expansion Funds

Gordon Clapp, Director
Division of Travel, Film and Sports Development
Department of Commerce

Betty Huskins
North Carolina Travel and Tourism Board

Lunch Break

3. Underground Storage Tank Program

- Trust Fund Solvency

Katherine Ross
CBM Environmental

- Departmental Response

Arthur Mouberry, Groundwater Section Chief
Division of Water Quality
Department of Environment and Natural Resources

**Joint Appropriations Subcommittee
On
Natural and Economic Resources**

Tuesday, February 17, 1998 at 10:00 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, February 17 at 10:00 a.m. in Room 423 of the Legislative Office Building. Six Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Mitchell, Baker, Carpenter, Fox, Hall, Owens, Tolson, Allen, Culp, Wilson, and Weatherly were present.

Senator Martin, Chairman, called the meeting to order. Mr. Ralph Campbell, state Auditor, was recognized to report on the recent performance audit of the Division of Marine Fisheries. The audit was requested by the Joint Legislative Commission on Seafood and Aquaculture, and mandated by the Fisheries Reform Act of 1997. Mr. Campbell commented on audit highlights, including the need for a clearer definition of the role of the Marine Fisheries Commission, continued efforts improve the coordination of environmentally related commissions, and the possibility of improved division accountability if the Marine Fisheries Commission hires the director, rather than the Governor. Mr. Campbell's remarks and the Performance Audit are Attachment A of these minutes.

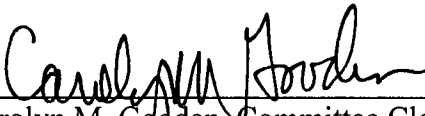
Ms. Janet Hayes, Audit Manager, presented major findings of the audit, including governance and oversight issues, organizational and staffing issues, operational issues, and program effectiveness issues. Members asked various technical questions concerning the audit, covering both the time spent by the Auditor's Office on the report (5 out of 10 staff auditors for one year) and costs associated with conducting the audit. Assistant Secretary for Natural Resources, Sherri Evans-Stanton and Division Director, Preston Pate, provided the departmental response to the audit's findings and recommendations. Ms. Evans-Stanton indicated that the department was committed to carrying out the Auditor's recommendations. She noted that the division has initiated action on 90% of the recommendations contained within the report that were under the department's control, and that the General Assembly would likely see the issue of marine fisheries law enforcement officer authority resurface during the 1998 Short Session. Mr. Pate


commented that the division's strategic planning process should address concerns raised by both the audit and the legislature over employee accountability.

Mr. Gordon Clapp, Director of the Division of Travel, Film and sports Development, provided a report on the expenditure of FY 1997-98 expansion funds (\$2.85) in the tourism area. This is Attachment B of these minutes. This update included information on moneys to support domestic and international advertising, the 1-800-VISIT-NC line operated from Women's Prison, heritage tourism, and the rural Tourism Grants Program. Mr. Clapp defined "tourists" as persons who travel fifty miles or more to reach a destination and stay overnight. Committee members were interested in figures on Welcome Center visitation and foreign travelers. Mr. Clapp indicated that Germans were the most frequent international visitors to the state, and added that international tourists spend approximately \$1,793.00 when touring the state, compared to \$383.00 for domestic visitors. Senator Horton raised questions concerning the heritage tourism efforts underway in the division and the logic of placing three heritage development officers within a 50-mile radius of one another. Mr. Clapp responded by saying that he would like to have a representative in the Piedmont. Lynn Minges, the division's Deputy Director, described improvements at Women's Prison for the 1-800-VISIT-NC toll free line. Both Travel and the DOT Rail Division partnered to lease two modular units large enough to accommodate more computers and operator terminals. The division also purchased additional software to better handle and track caller inquiries. Ms. Betty Huskins, with the North Carolina Travel and Tourism Board, addressed the strategic planning process initiated by the division two years ago, and noted the public/private partnership that developed to improve service delivery for the state's tourism industry.

Ms. Katherine Ross, with CBM Environmental, requested to appear before the Committee to address the issue of underground storage tank (UST) trust fund solvency, and how other states with solvency issues addressed their problem. She provided statistics on South Carolina and Kentucky, including figures on the tank population, annual revenues, and management practices underway to prioritize clean-up efforts. Mr. Authur Mouberry, Groundwater Section Chief for the Division of Water Quality (DENR) provided a departmental response on the issue, and reviewed the division's semi-annual report to the legislature on the status of USTs. This is Attachment C and D of these minutes. He also remarked that the fund was in poor financial condition, and that remediation efforts begun at sites after September 1, 1997 are being conducted at the risk of no reimbursement, because cleanups at low priority sites have been suspended until the adoption of risk assessment rules. These rules are expected to result in the abandonment of cleanup activities at sites with minimal environmental and health risks, thereby reducing reimbursement claims.

The meeting adjourned at 3:00 p.m.


Carolyn M. Gooden, Committee Clerk


Senator R.L. "Bob" Martin, Chairman

OFFICE OF THE STATE AUDITOR
PRESENTATION TO THE
JOINT APPROPRIATIONS SUBCOMMITTEE ON
NATURAL AND ECONOMIC RESOURCES

1

February 17, 1998

[RALPH CAMPBELL JR.'S COMMENTS]

- GOOD MORNING. THANK YOU FOR THE OPPORTUNITY TO PRESENT THE FINAL REPORT ON THE DIVISION OF MARINE FISHERIES.
- AS YOU WILL REMEMBER, WE UNDERTOOK THIS AUDIT AT THE REQUEST OF THE JOINT LEGISLATIVE COMMISSION ON SEAFOOD AND AQUACULTURE, RELEASING PHASE I IN MAY 1997.
- IN PHASE I, WE IDENTIFIED AREAS THAT WE FELT NEEDED A MORE DETAILED REVIEW.
- TODAY, WE WILL PRESENT TO YOU THE RESULTS OF THE COMPLETED AUDIT.
- THE FINAL PHASE OF THE AUDIT GAVE US THE OPPORTUNITY TO EXAMINE SPECIFIC OPERATIONAL PROCEDURES DETERMINED TO BE KEY TO ACHIEVING THE DIVISION'S MISSION.
- WE NOTED A RANGE OF POLICY AND PROCEDURAL PROBLEMS IN MAY.

- HOWEVER, AS THE AUDIT PROCEEDED, DIVISION AND DEPARTMENT MANAGEMENT WORKED CLOSELY WITH THE AUDIT TEAM TO DEVELOP AND IMPLEMENT CORRECTIVE ACTIONS.
- AT THE COMPLETION OF THE AUDIT FIELDWORK IN SEPTEMBER, THE DIVISION HAD MADE CONSIDERABLE PROGRESS IN CORRECTING PROCEDURAL PROBLEMS AND IN ESTABLISHING POLICIES FOR DAILY OPERATIONS.
- THE DIVISION HAS ALREADY BEGUN IMPLEMENTATION OF MANY OF THE RECOMMENDATIONS CONTAINED IN THE REPORT.
- HOWEVER, THERE ARE SEVERAL FINDINGS THAT I WISH TO HIGHLIGHT.
- FIRST, THERE NEEDS TO BE A CLEAR DEFINITION OF THE ROLE OF THE MARINE FISHERIES COMMISSION, WITH A FORMAL ORIENTATION AND TRAINING PROGRAM FOR ITS MEMBERS.
- SECOND, SECRETARY MCDEVITT NEEDS TO

CONTINUE EFFORTS TO IMPROVE THE COOPERATION AMONG THE SEVERAL ENVIRONMENTALLY ORIENTED COMMISSIONS UNDER HIS JURISDICTION.

- LASTLY, IN OUR OPINION, ACCOUNTABILITY FOR DIVISION OPERATIONS COULD BE IMPROVED IF THE DIRECTOR WERE HIRED BY THE COMMISSION RATHER THAN APPOINTED BY THE GOVERNOR.
- ONE OF THE MAJOR PROBLEMS WE NOTED RELATIVE TO DIVISION OPERATIONS WAS THE LACK OF CONTINUITY OF DIRECTION AND LACK OF LONG-RANGE PLANNING.
- WE BELIEVE THESE PROBLEMS TO BE A DIRECT RESULT OF THE FREQUENT CHANGE IN DIRECTORS.
- HAVING THE DIRECTOR HIRED BY THE BOARD WOULD HELP TO INSTILL THE MISSING CONTINUITY.
- BEFORE WE GO OVER THE MAJOR FINDINGS WITH YOU, I WOULD LIKE TO SPEAK TO THE ASSESSMENT OF THE DIVISION'S CAPABILITY TO EFFECTIVELY IMPLEMENT CERTAIN

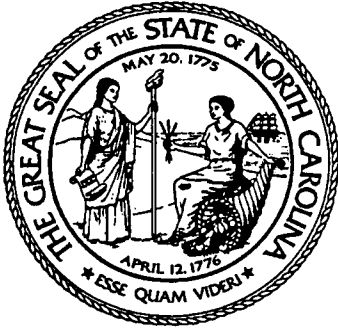
PROVISIONS OF THE FISHERIES REFORM ACT.

- WHILE WE NOTED SOME AREAS WHERE PROGRAM EFFECTIVENESS COULD BE IMPROVED, OVERALL THE DIVISION WAS EFFECTIVELY ADMINISTERING THE VARIOUS PROGRAMS FOR WHICH IT IS RESPONSIBLE.
- THE MAJOR QUESTION WE WERE ASKED AT THE TIME OF THE INTERIM REPORT WAS WHETHER THE DIVISION WAS CAPABLE OF HANDLING ADDITIONAL RESPONSIBILITIES AS OUTLINED IN PROPOSED LEGISLATION.
- AT THAT TIME OUR ASSESSMENT WAS THAT THE DIVISION **WAS NOT** CAPABLE OF HANDLING ANY ADDITIONAL RESPONSIBILITIES, ESPECIALLY OF THE MAGNITUDE OF RECREATIONAL LICENSING.
- BASED ON OUR OBSERVATIONS AND INTERACTIONS WITH DIVISION MANAGEMENT AND STAFF DURING THE AUDIT, IT IS OUR ASSESSMENT THAT THE DIVISION IS NOW IN A POSITION TO ASSUME ADDITIONAL RESPONSIBILITIES.
- HOWEVER, WE AGAIN CAUTION THAT THE

DIVISION WILL NEED SUFFICIENT PERSONNEL AND TECHNOLOGY RESOURCES TO EFFECTIVELY HANDLE THE NEW RESPONSIBILITIES CONTAINED IN THE FISHERIES REFORM ACT AND ANY ADDITIONAL RESPONSIBILITIES THAT MAY BE CONTEMPLATED BY THE LEGISLATURE.

- WITH ME TODAY ARE MS. JANET HAYES, PERFORMANCE AUDIT MANAGER, AND MS. DENISE ROBERTS, PERFORMANCE AUDIT SUPERVISOR.
- THESE TWO LADIES HAD DIRECT RESPONSIBILITY FOR THE AUDIT.
- NOW MS. HAYES WILL BRIEFLY REVIEW FOR YOU THE MAJOR FINDINGS AND RECOMMENDATIONS CONTAINED IN THE REPORT.
- WE'LL TAKE ANY QUESTIONS YOU MAY HAVE AFTER THAT.

[JANET'S PRESENTATION]



STATE OF NORTH CAROLINA

Performance Audit
of the
Division of Marine Fisheries

a presentation to the

Joint Appropriations Subcommittee on
Natural and Economic Resources

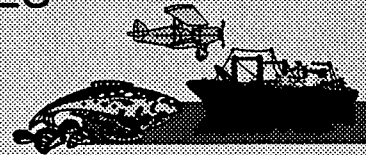
FEBRUARY 17, 1998

OFFICE OF THE STATE AUDITOR
RALPH CAMPBELL, JR.

AUDIT OBJECTIVES

- REVIEW GOVERNANCE AND OVERSIGHT
- REVIEW ORGANIZATION AND ASSESS STAFFING
- REVIEW OPERATIONAL CONTROLS AND ACCOUNTABILITY SYSTEMS
- EXAMINE PROGRAM EFFECTIVENESS
- COMPARE DMF TO OTHER STATES
- ASSESS DMF'S CAPACITY TO ASSUME ADDITIONAL RESPONSIBILITIES

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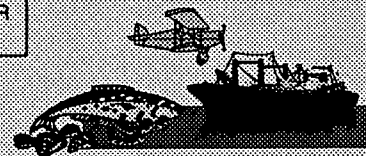


GOVERNANCE AND OVERSIGHT

- MARINE FISHERIES COMMISSION
 - CLEARLY DEFINE MFC'S ROLE
 - ✓ FORMALIZE ORIENTATION AND TRAINING FOR MFC
 - ✓ IMPROVE COOPERATION AMONG ENVIRONMENTAL-RELATED COMMISSIONS
 - MFC SHOULD HIRE DIRECTOR
- DEPT. ENVIRONMENT & NATURAL RESOURCES
 - ✓ CONTINUE ON-GOING INTERACTION WITH DMF
 - ✓ ASSIST IN TRAINING DMF STAFF RE: STATE REGULATIONS

NOTE: ITEMS SHOWN WITH A "✓" ARE ONES WHICH DMF AND DENR HAVE ALREADY BEGUN ACTION.

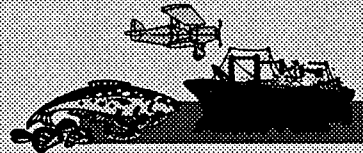
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ORGANIZATIONAL AND STAFFING ISSUES

- COMMUNICATION PROBLEMS
- LACK OF WORKLOAD INDICATORS
- NEED FOR MORE STAFF TRAINING
- NEED TO ASSESS RESEARCH VESSEL STAFFING
- ✓ NEED FOR MORE TECHNOLOGY POSITIONS
- ✓ RESTRUCTURE TO BE MORE EFFECTIVE AND RESPONSIVE

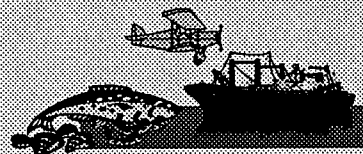
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OPERATIONAL ISSUES

- REPORTING AND ACCOUNTABILITY
- INTERNAL CONTROLS
- TECHNOLOGY
- PERSONNEL

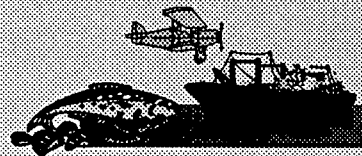
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REPORTING AND ACCOUNTABILITY

- ✓ PLANNING NEEDS TO BE MORE DETAILED
- ✓ LACK OF POLICIES AND PROCEDURES
- ✓ LACK OF ADEQUATE SPACE *field staff*
- NO FORMALIZED PREVENTIVE MAINTENANCE PLAN

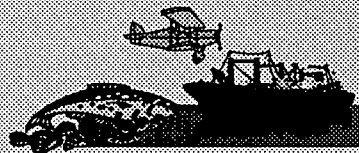
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INTERNAL CONTROLS

- ✓ NEED TIMELY BUDGETS FROM DENR
- ✓ COMPLY WITH BUDGET REGULATIONS
- ✓ DOCUMENT CONTRACTS AND LEASES
- ✓ COMPLY WITH EXPENDITURE AND TRAVEL REGULATIONS
- REVIEW TRAVEL LOGS FOR VEHICLES
- ✓ TRACK COSTS OF VESSELS & AIRCRAFT
- COMPLY WITH FIXED ASSET REQUIREMENTS
- ✓ ADEQUATELY SECURE EQUIPMENT

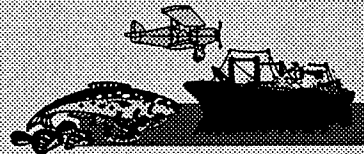
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TECHNOLOGY ISSUES

- ✓ SAFEGUARD EQUIPMENT, SOFTWARE, DATA
- ✓ DEVELOP COMPREHENSIVE TECHNOLOGY PLAN
- NEED FOR MORE, ADVANCED TECHNOLOGY *to implement plans -*

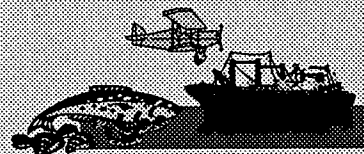
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PERSONNEL ISSUES

- COMPLY WITH STATE POLICIES & PROCEDURES
- COMPLY WITH PERSONNEL MANAGEMENT SYSTEM
- EXAMINE NEED FOR TEMPORARY POSITIONS
- ✓ IMPROVE TIME KEEPING SYSTEM
- ✓ COMPLY WITH FLSA REGULATIONS
- FILL VACANCIES TIMELY

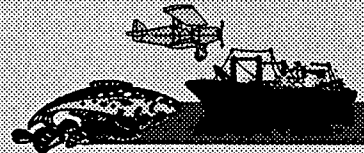
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PROGRAM EFFECTIVENESS

- SHELLFISH LEASES
- FISHERIES MANAGEMENT & HABITAT PROTECTION
- PROCLAMATIONS
- LICENSING SYSTEM
- MARINE PATROL
- FISHERY RESOURCE GRANT PROGRAM

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SHELLFISH LEASES

- BOTTOM LEASE FEES INADEQUATE
- ✓ MAINTAIN DATABASE FOR LEASES
- CHANGE DATES FOR LEASE RENEWALS

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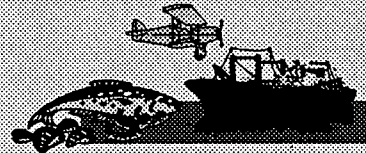


FISHERIES MANAGEMENT

*Rep
Mitchell*

- COMPLY WITH REGULATIONS RE:
POUND NET RENEWALS
- CONSIDER MAKING OPENING -
CLOSING DATES RULES
- NEED ADDITIONAL RESOURCES TO
MEET FISHERIES MANAGEMENT
PLANS AND HABITAT PROTECTION
PLAN REQUIREMENTS

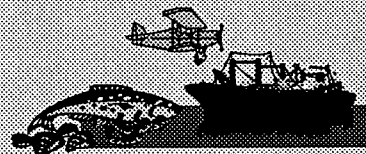
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LICENSING SYSTEM

- ✓ MANUAL SYSTEM INEFFICIENT
- LICENSE AGENTS NOT COMPLYING
WITH DAILY DEPOSIT ACT
- NEED TO STRENGTHEN CONTROLS
OVER LICENSE PROCESS
- PATROL OFFICERS HOLD
COMMERCIAL FISHING LICENSES
- ✓ WANCHESE LICENSE ANNEX NOT
COST EFFECTIVE

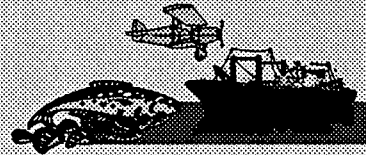
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MARINE PATROL

- OFFICERS NEED AUTHORITY TO ARREST FOR MISDEMEANORS
- ENFORCE AQUACULTURE OPERATION RULES
- CONSISTENTLY DOCUMENT SEIZURE & DISPOSITION OF FISH
- EDIT DATA ENTRY OF CITATIONS & WARNINGS
- ✓ OFFICERS NEED PROTECTIVE EQUIPMENT

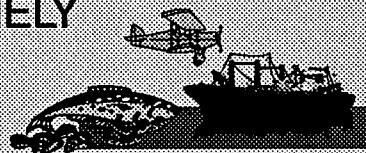
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FISHERY RESOURCE GRANT PROGRAM

- ALL GRANTS NEED TO BE MONITORED AND REPORTED
- GRANTS SHOULD BE ADEQUATELY DOCUMENTED
- ESTABLISH WRITTEN PROCEDURES TO AVOID CONFLICT OF INTEREST
- CHARGE GRANT EXPENDITURES APPROPRIATELY
- SUBMIT FEDERAL FINANCIAL & PERFORMANCE REPORTS TIMELY

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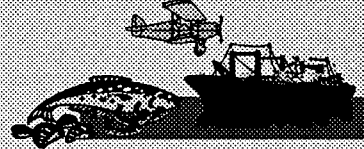


that administered by Division

OTHER STATES

- SURVEYED 14 ATLANTIC COAST STATES;
9 RESPONDED
- DIRECTOR HIRED IN 3 STATES;
APPOINTED IN 5
- 5 STATES HAVE OVERSIGHT
COMMISSIONS
- ALL 9 STATES HAVE CERTIFIED LAW
ENFORCEMENT PERSONNEL
- 3 STATES REQUIRE RECREATIONAL
LICENSES
- 4 STATES HAVE FISHERIES MANAGEMENT
PLANS

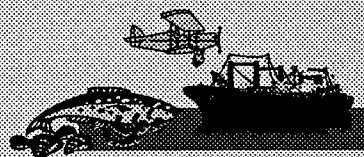
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OTHER AGENCIES

- JOINT RESPONSIBILITIES WITH
WILDLIFE
- GOOD WORKING RELATIONSHIP
- NO OVERLAP OR DUPLICATION

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Allocation of \$1,000,000 for Domestic Advertising

Situation: Even with an additional funding in FY 1997-98, NC continues to be at a competitive disadvantage when compared to other key Southeastern states as well as emerging competitors outside the region.

State Travel Budgets (\$ millions)

Texas	23.0
Pennsylvania	18.5
Virginia	17.4
Florida	17.0
•South Carolina	16.2
Louisiana	15.4
New York	14.5
Tennessee	13.1
Mississippi	11.2
North Carolina	10.4

Sources: Travel Industry Association of America
Tennessee Tourism Roundtable

The additional \$1 million for domestic advertising allowed for an incremental increase from \$2.5 to \$3.5 million for FY 1997-98 for promoting North Carolina as a leisure travel destination through paid advertising, public relations and research.

- Factoring an average 7% annual rate increase from the media, the effective buying power of the state's "flat" media budget was reduced by approximately 35% from 1991-1996.
- Although total revenues, market share and tax revenues have grown steadily since 1991, there are current areas for concern including:
 - ⇒ Total visitation ("person trips") to North Carolina was down 5.48% in 1996 from 1995 (TIA, TravelScope).
 - ⇒ 1-800-VISITNC telephone inquiries are down 6% year to date in 1997 over 1996 (Dept. of Commerce)
 - ⇒ Advertising awareness of North Carolina is down 2% in 1997 compared to 1995 study (MarketVision)

Objective: Stop and reverse any erosion in awareness, preference and visitation to NC.

Strategy:

Strengthen reach, frequency and message impact versus all target audiences including consumers, travel agents, tour operators, meeting planners and media influencers.

Tactics:

- Develop a Market Potential Index to identify markets with the greatest potential for gains in visitation. A model is being developed to predict a market's potential visitation to North Carolina based on key demographic, psychographic and travel habits variables. The model will identify specific metropolitan areas as having high, average or low potential for visitation gains.
- Target specific, high potential metro areas and utilize more targeted media vehicles such as newspaper inserts and local market broadcast outlets.
- Focus the division's advertising dollars on the most cost-effective, impactful mix of tactics including print, broadcast, direct marketing, telemarketing, and media relations.
- Integrate an aggressive public and media relations program into the target metro areas including media tours and expanded video news release program featuring North Carolina destinations.

Measurement: The Market Potential Index will be updated and analyzed annually. Attitude and awareness studies, TIA's TravelScope and the Division's inquiry tracking will continue to be utilized to fine-tune or re-focus the program as necessary.

Allocation of \$1 million for International Marketing

Situation: Travel and Tourism has been actively participating in the foreign market since 1994. Special funding from the Department of Transportation in the amount of \$5 million was allocated to be spent over a three year period (FY 94-95, 95-96, 96-97). This money was used to promote and market international gateways and was the only source of funding for the international program during this initial stage.

Last year, with these funds depleted, the General Assembly appropriated \$1 million to offset this loss of funding. With this money, the division was able to keep its investment in significant and important international programs.

International visitors are lucrative for North Carolina because a foreign visitor spends \$1,793 compared to \$383 for a domestic visitor.

Objectives: The primary focus of the International Marketing efforts has been to increase international visitation to North Carolina.

Strategy: With limited international marketing dollars, the division has focused its efforts primarily on the German and United Kingdom markets. Representation firms are retained in each of these areas to promote North Carolina as a travel destination and to increase visitation to North Carolina from each of these markets.

Tactics: International marketing efforts involve a combination of promotional activities including the coordination of familiarization tours for key tour operators and travel writers, participation in trade shows, paid advertising programs, special advertising promotions, public relations campaigns, and direct sales calls.

Measurements: The numbers speak for themselves:

Travel from Germany

1993	44,000
1994	36,000
1995	52,000
1996	57,000
1997	65,000 (projected)

(Source: Tourism Industries, TIA, Dept. of Commerce, via Mangum)

Travel from the United Kingdom

1994	61,000
1995	68,000

(Source: Tourism Industries, TIA, Dept. of Commerce, via Cellet)

Total Overseas Travel to North Carolina

1991	194,000
1992	249,000
1993	280,000
1994	240,000
1995	310,000

(Source: Tourism Industries, TIA, Dept. of Commerce)

Allocation of \$300,000 for Heritage Tourism Positions

Situation: The Division recognizes heritage tourism as an excellent opportunity for tourism development because it preserves our state's natural, cultural, and historic resources; offers important community development opportunities; and holds promise as a niche market which can generate higher return on marketing/advertising investment dollars.

- Heritage tourism is the fastest growing sector of the tourism market nationally.
- This market is growing at 10%-15% annually and is expected to deliver over 100 million travelers nationwide to heritage and cultural sites by the end of the year 2000.
- Heritage travelers spend on average \$688 per trip almost two times as much as the traditional traveler.
- Heritage travelers are more educated, more environmentally aware and more sensitive to unique and fragile community cultures.
- Communities that invest in the development of heritage tourism product realize a greater and faster return on their investment.

Objectives: To develop an effective statewide Heritage Tourism Program

Strategy: To establish six positions to help develop and coordinate an effective statewide Heritage Tourism Program.

Tactics: Four Heritage Development Officers have been set up as follows:

Position # 18785 (Hertford) Newbold-White House
Position # 18786 (Windsor) Historic Hope Plantation
Position # 18787 (Murfreesboro) Historic Murfreesboro
Position # 18788 (Franklin) Smoky Mountain Host

These positions are responsible for determining and developing various heritage/historic sites within a specified region of the State. Positions are tasked with site development, fund raising, and promotion. Responsibilities will also include developing and implementing policy and guidelines for the specified site and will pinpoint financial support through contact with various funding sources both locally and statewide.

Additionally two positions are pending approval at the Office of State Personnel which will oversee Heritage Tourism Development on a statewide basis. One is proposed as a Heritage Tourism Program Director, Tourist Information Specialist. The other is proposed as a Program Assistant IV to provide general office support functions for the NC Heritage Tourism Development Program.

Allocation of \$250,000 for Improvements at Inquiry Center (1-800-VISIT NC).

Situation: Since 1989, the Division's Call Center has been housed at Women's Correctional Center in Raleigh. Approximately 350,000 North Carolina travel-related calls are handled each year. Additionally, the center handles the fulfillment and mailing of travel packages. This program has been extremely successful, saving North Carolina taxpayers approximately \$1.5 million a year. Prison laborers work for \$1 per day, but receive invaluable work experience which prepares them for re-entry into the workforce. This program has received international recognition for its effectiveness.

Objective: The call center was in critical need of expansion and technological improvements in order for the division to improve the level of customer service it provides and to utilize new and expanded marketing capabilities.

Strategy: The allocation of \$250,000 for upgrades and improvements has allowed the division to make significant improvements in the inquiry call center and fulfillment center.

Tactics: The division and the DOT Rail Division have partnered to lease new modular units large enough to accommodate more computers and thus more operator terminals--expanding the number of operators from 6 to as many as 20 during peak call periods.

New computers and software have been purchased which will greatly enhance the division's ability to handle customer inquiries in a more timely and efficient manner. This system will allow the division to gather and analyze important information about inquirers including travel patterns, demographic profiles, specific interest areas, what prompted inquirers to call/where they saw a North Carolina ad which will allow to division to track the effectiveness of its advertising campaign and do more direct marketing.

The new system will allow for information on travel sites, attractions, accommodations to be accessed electronically at the call center so that callers can be given more specific travel-related information in a timely and efficient manner. Furthermore, this information can be easily updated as necessary. This will allow for more customized travel planning and travel counseling by inquiry operators.

Measurement: This new system is expected to be on-line and operational by late May or early June. The division will track number of inquirers by category: 1) callers, 2) internet users/inquirers, and 3) mail requests. The effectiveness of the inquiry program will be monitored by number of inquirers assisted, conversion studies (number of inquirers who actually choose to visit North Carolina), TIA's TravelScope data which relates to overall travel to North Carolina.

North Carolina Travel and Tourism Division

Rural Tourism Development Grant Program

1) Description of the Program

The Rural Tourism Development Grant Program was created by the North Carolina General Assembly to enhance economic growth through tourism development in rural areas of the state. The program consists of a \$300,000 fund intended "...to encourage the development of new tourism projects and activities in rural areas of the State." For the purpose of this program, the Travel and Tourism Division has adopted the definition of "Rural" established by North Carolina's Rural Economic Development Center, specifically those counties having population densities of less than 200 persons per square mile. Consideration will also be given to more economically distressed rural counties. A list of rural counties by economic ranking is attached. Proposed projects should be of a durable and lasting nature, visible in the community to inspire others to succeed, and capable of generating measurable, verifiable, long-term economic growth.

2) Purpose

The Rural Tourism Development Grant Program is designed to:

- 1) Encourage the initiation and implementation of creative new tourism-related projects and activities having the capacity to enhance long-term economic growth in North Carolina's rural areas through increased travel activity;
- 2) Encourage the implementation of cooperative regional tourism development projects and activities, not exclusive of efforts within individual communities or among communities within a given rural county;
- 3) Provide funds through grants to local governments and non-profit organizations for the development and recruitment of tourism businesses and attractions;
- 4) Foster the development and growth of regional tourism marketing and development organizations in rural areas of the state;
- 5) Leverage funds from other non-state sources for tourism development projects and activities.

3) Eligibility

Any local government, governmental entity, statutorily empowered tourism marketing agency, or legally chartered, non-profit North Carolina organization which includes tourism marketing and/or development among its major activities, may apply for funds under this program. Documentation of legal status, tax exemption, and federal identification number is required with application.

4) Maximum Grant Amount

No recipient or new tourism project shall receive a total of more than \$25,000 of these grant funds for the 1997-98 fiscal year.

5) Deadline for the Receipt of Applications

Applications must be received at Travel and Tourism Division offices no later than 5 p.m. on Friday, October 24, 1997

6) Notification of the Grant Awards

All applicants will receive written notice as to the status of their request for tourism development funds. These notices will be mailed on or before Friday, December 4, 1997. Due to staffing limitations and the volume of applications to be processed, no information regarding grant status will be given over the phone prior to your receipt of written notice.

7) Appropriate Uses of Grant Funds

Appropriate projects for which grant funds might be used include:

- 1) Capital Projects - equipment purchase, renovation or construction of facilities;
- 2) Research - marketing and other types of necessary research or studies upon which to base a long-range, tourism-based strategic economic development plan;
- 3) Planning - needs assessment and implementation of a long-range, tourism-based economic development plan;
- 4) Training - development and presentation of hospitality, management, marketing and/or other types of tourism training programs to enhance long-term economic growth by improving a community's competitive position;
- 5) Tourism Development - creation and implementation of new local, regional and statewide destination marketing and tourism development organizations representing rural areas;
- 6) Technical Assistance/Contractual Services - services provided by outside vendors under contract that will result in enhanced long-term economic growth and the creation of new jobs.

8) Exclusions and Restrictions

Projects and activities not eligible for funding include:

- 1) Marketing and advertising projects and activities eligible for funding under the Division's existing Tourism Promotion (Matching Funds) Grants Program;
- 2) Lobbying and other political activities or initiatives;
- 3) Routine staff, operating and administrative expenses.
- 4) In-kind services may not be applied against required local matching contribution.

9) Evaluation Criteria

Proposals will be evaluated on the following criteria:

- 1) Potential for stimulating long-term economic growth in the applicant community, county or region.
- 2) Potential for production of jobs and revenue for the applicant community, county or region.
- 3) Degree to which proposed project will provide regional economic and tourism development impact.
- 4) Degree to which project results can be predicted, measured and proven.
- 5) Ability of project to leverage funds from other (non-state) sources.
- 6) Degree to which project will positively impact minority businesses, communities and/or populations.
- 7) Total economic value of the project.
- 8) Degree of local commitment to the successful implementation of the proposed project or activity and the full realization of its economic development potential, as demonstrated in the application and assessed by the Grant Review Committee.

10) Selection of Projects to Receive Funding

Applications will be reviewed by a panel of three members of the North Carolina Travel and Tourism Board, one from each geographic region of the state, as indicated by statute (GS 143B-434.1). Recommendations will be made to the Secretary of Commerce, who is responsible for final selection of projects to receive funding.

11) Project Completion

- 1) Projects shall be completed and full documentation submitted for payment (postmarked) no later than May 29, 1998, unless this requirement is specifically waived, in writing, by the Travel and Tourism Division;
- 2) Consideration will be given to the time frame for completion of projects as specified in the application and assessed by the Grant Review Committee. Projects having significant economic impact which can be completed or show substantial progress toward completion within the specified time frame will be favored;
- 3) Complete progress reports must be received in the Travel and Tourism Division offices no later than 5 p.m., February 14 and May 15, 1998, in order for grants to remain valid and active. Reports must contain information and follow the form specified by the Travel and Tourism Division. Recipients not providing such progress reports may be denied payment of granted funds;
- 4) Partial payment of granted funds may be requested for projects completed in phases. Such requests for partial payment must be accompanied by complete documentation of expenditures, such as that required for final payment. In order to receive any payment, copies of paid invoices, canceled checks or receipts with full signature and title of person acknowledging payment, and appropriate proof of your completed project must be provided to the Travel and Tourism Division, along with your cover letter requesting reimbursement and detailing how your funds were spent. Granted funds will be disbursed upon receipt of satisfactory documentation.

12) Modifications to Grant Projects

Modifications must be pre-approved, in writing, by the Travel and Tourism Division no later than February 14, 1998. Funds will not be paid for expenses not included in the approved grant application without such authorization.

13) Reporting the Withdrawal of a Project

The grantee must notify the Travel and Tourism Division no later than February 14, 1998, if the project for which funding has been granted will not be completed. Failure to report the withdrawal of an approved project may affect the grantee's application for funds in a future year.

14) Audit and Review

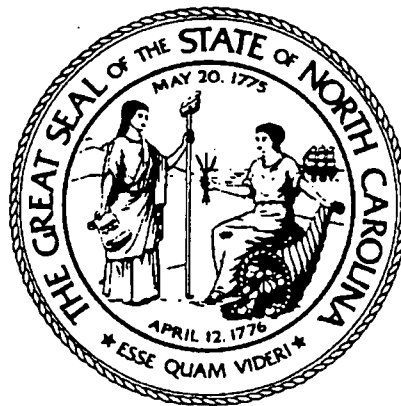
The Department of Commerce and the State Auditor reserve the right to inspect the grantee's records at any time for the purpose of auditing and determining that the grantee has complied with the terms of the grant. Grantees are advised to retain copies of all invoices, canceled checks, and receipts which relate to any grants administered under this program. The State of North Carolina also reserves the right to call for full repayment of all grant funds from any grantee who does not fully comply with all grant regulations.

Submitting Organization	Project Title	Address	City, State, Zip	Amount Awarded
Atlantic Coastal Corporation	TOUR America - North Carolina Coastal Project	Rt. 2, Box 47	Scranton, NC 27875	\$25,000.00
City of Kinston Parks & Recreation Dept.	Neuseway Nature Center and Climbing Rock	405 N. Mclewean Street	Kinston, NC 28501	\$25,000.00
Concerned Citizens of Tillery, Inc.	African-American Heritage Tourism Dev. in Tillery	PO Box 68	Tillery, NC 27887	\$25,000.00
Greater Hyde County C of C Tourism Committee	Hyde County Talking Houses and Historic Places	PO Box 178	Swan Quarter, NC 27885	\$2,200.00
Halifax County TDA	Lake Gaston Public Access Project	1640 Julian Allsbrook H	Roanoke Rapids, NC 27870	\$12,000.00
Meherrin Indian Tribe, Inc.	Development of a Meherrin Village	PO Box 508	Winton, NC 27986	\$25,000.00
Murfreesboro Historical Assn.	Murfreesboro Waterfront Development Strategic Pl	PO Box 3	Murfreesboro, NC 27855	\$25,000.00
NC Coastal Waters Heritage Tourism Council	NC Coastal Waters Heritage Tourism Council	PO Box 113	Washington, NC 27889	\$13,910.00
NC High Country Host, Inc.	Accommodations Communications Project	1700 Blowing Rock Road	Boone, NC 28607	\$21,890.00
North Carolina Pottery Center	Seagrove Pottery Information Display	234 E. Main Street	Seagrove, NC 27341	\$25,000.00
Partnership for the Sounds	Columbia Theatre Sportsman Animation Exhibit	PO Box 340	Washington, NC 27889-0340	\$25,000.00
Smoky Mountain Host of North Carolina	Regional Date-Based Inquiry System	4437 Georgia Rd.	Franklin, NC 28734	\$25,000.00
Trail of Faith	Waldensian Trail of Faith	PO Box A	Icard, NC 28666	\$25,000.00
Yadkin County	Upper Yadkin River Valley Heritage	PO Box 146	Yadkinville, NC 27055	\$25,000.00

Semi-Annual Report to the
North Carolina General Assembly

**The Status of Leaking Petroleum Underground
Storage Tanks, The State Cleanup Funds, and
Groundwater Protection Loan Fund**

September 1, 1997



Groundwater Section
Division of Water Quality
Department of Environment and Natural Resources

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PROGRAM SUMMARY

The Department of Environment and Natural Resources (DENR) is required to prepare a semi-annual report on the status of leaking petroleum underground storage tanks (USTs).

The program was initiated in 1988 in response to growing reports of underground tanks leaking petroleum and other chemicals onto the surface and into drinking water supplies. Backed by enforcement powers and some funding, the program was placed with the Division of Water Quality (DWQ) formerly called the Division of Environmental Management in DENR.

Mid-1980s estimates of the number of USTs ranged into the hundreds of thousands. Early estimates of the number of tanks which could be or would be threats to the environment and public health were just as vague. Extensive research over several years has given the numbers a more reliable perspective.

Presently, North Carolina has 37,776 known commercial USTs. The number of noncommercial USTs is incalculable since registration of these tanks is not required. An estimate of 250,000 tanks is used as a working figure.

Funding for the North Carolina UST program comes from four sources: the Federal UST Regulatory Grant program, the Federal Leaking UST Fund, and North Carolina's Commercial and Noncommercial Leaking Petroleum UST Cleanup Fund (Trust Funds). The purpose, income, and guidelines are described on pages 3 - 5.

The revenue sources for the Commercial Fund were sufficient to cover reimbursement requests for cleanups through June 30, 1997. Sources of revenue are tax collection, fees, interest and the Loan Fund; creating a cash balance in the fund of \$11.7 million by the end of fiscal year 1997 (June 30, 1997). Requests for reimbursements and administrative expenses totaled \$46.8 million during fiscal year 1997. However, annual revenue during this time period were only \$28.5 million. If the present rate of reimbursement continues, the fund will be depleted by the end of 1997.

The revenue sources for the Noncommercial Fund were sufficient to cover reimbursement requests for the cleanups through June 30, 1997. The cash balance in the Noncommercial Fund as of June 30, 1997 was \$8.5 million. Requests for reimbursements and administrative expenses totaled \$6.7 million during fiscal year 1997. Annual revenue during this time period was \$5.6 million.

Senate Bill (S.B.) 1317, enacted on June 21, 1996, addressed the solvency of the cleanup funds by suspending cleanup activities at low priority sites until risk assessment rules become effective. Risk assessment rules were required to be published by January 1, 1997 and are required to be adopted by October 1, 1997. The rules were published in the North Carolina Register on February 3, 1997. The risk-based rules then went through a public comment period and have been revised to reflect the comments. The risk-based rules will be submitted to the Environmental Management Commission

(EMC) for approval in September.

Senate Bill 1317 also increased tank fees from \$150 to \$200 for small tanks (3,500 gallons or less) and from \$225 to \$300 for large tanks (more than 3,500 gallons). These fees have been applied retroactively during the regular billing cycles throughout 1997. The full effect of this increased revenue will not be realized until the end of 1997.

There were 597 leaking USTs reported during the first six months of 1997, which is a decrease from the 803 leaks reported during the previous six months.

As of June 30, 1997, a total of 2,415 sites have been *closed* (completed cleanup activities). This equates to 22.6 percent of the 10,682 leaks reported. Groundwater contamination was originally reported at 170 of the closed out sites.

DWQ has assigned 104 staff members to the UST program -- state money supports 72 positions and 32 are supported by federal money.

The Groundwater Section is continuing to increase outreach activities with the approach of the 1998 UST deadlines for the addition of corrosion protection and spill/overfill prevention equipment for older USTs. In addition, outreach activities and compliance inspections have continued promoting leak and spill prevention.

DWQ estimates that \$50 million in reimbursement requests can be processed during FY 1998 if sufficient resources are provided. This includes both the Commercial and Noncommercial Funds and is based on the claim amount processed during FY 1997.

With requests for reimbursement far out pacing revenue and closeout activities, DWQ estimates it will take \$590 million to remediate known leaking Commercial and Noncommercial UST sites, with some sites requiring years of cleaning activity.

As required by legislation, this report includes the following:

- (1) A list of all discharges or releases of petroleum from underground storage tanks;
- (2) A list of cleanups requiring state funding through the Noncommercial Fund and a comprehensive budget to complete such cleanups;
- (3) A status list of all cleanups undertaken by tank owners or operators;
- (4) A statement of receipts and payments for both the Commercial Fund and Noncommercial Fund;
- (5) A statement of all claims against the Commercial Fund and the Noncommercial Fund -- claims paid, claims denied, pending claims, anticipated claims, and any other obligations;
- (6) The adequacy of the Commercial Fund and the Noncommercial Fund to carry out the purposes of this Part; and any recommendations as to measures that may be necessary to assure the continued solvency of the Commercial Fund and the Noncommercial Fund; and
- (7) A statement of the condition of the Loan Fund and a summary of activity under the Loan Fund.

GENERAL OVERVIEW

AN OVERVIEW OF THE STATUS OF FEDERAL AND STATE FUNDS TO DEAL WITH LEAKING UNDERGROUND STORAGE TANKS

The responsibility for the state's underground storage tank (UST) program rests with the Groundwater Section of the Division of Water Quality within DENR. The state enforces UST regulations and manages funds for cleanup of leaks and associated costs.

This report documents the status of the Federal UST Regulatory Grant program, the Federal Leaking UST Fund, the Commercial Cleanup Fund, the Noncommercial Cleanup Fund and the Groundwater Protection Loan Fund.

Federal UST Regulatory Grant Program

This program promotes compliance with UST regulations. It provides the state's Groundwater Section with \$162,500 to \$188,000 per year to fund three positions in the DWQ central office. This staff provides technical assistance to the owners and operators of USTs, develops materials, conducts educational activities for interested groups, trains DWQ regional staff and conducts UST inspections.

Federal Leaking UST Fund

The Federal Leaking UST Trust Fund (FTF) is used to clean up petroleum contamination from leaking USTs, provide potable water to affected third-parties, perform emergency activities, relocate residents and conduct enforcement activities. This fund is limited to USTs regulated by federal agencies -- primarily commercial tanks used for storing motor fuels. Tanks used for heating oil and those used for farm or residential use (those of 1,100 gallons capacity or less) cannot be addressed using this fund.

Individuals (i.e., owners/operators) do not have access to the fund. Only the federal government and states with cooperative agreements with Environmental Protection Agency (EPA) can draw on the fund. The fund may be used in those situations when: (1) the responsible party(ies) cannot be identified; (2) the responsible party(ies) are financially unable to pay for the cleanup; or (3) the responsible party(ies) are unwilling and refuse to undertake assessment and/or cleanup activities.

Since the state's UST program began, the Federal Leaking UST Fund has made 10 grant awards totaling \$20,377,116 to the state's Groundwater Section to underwrite the costs involved. As of June 30, 1997, the state has expended a total of \$19,609,906 from these awards. Of this amount, \$9,940,038 has been spent for cleanup-related activities, \$1,486,389 for enforcement activities: which include identifying a potential owner/operator; owner/operator financial assessments; issuance of notices of regulatory requirements and notices of violation; formal enforcement actions (including civil penalties); special

orders by consent; all activities associated with the oversight of owner/operator cleanups (responsible party-led actions); and all activities associated with the development and support of cost recovery cases. Administrative, operating, travel and equipment casts total \$8,183,480.

In Fiscal Year (FY)95 the FTF received \$2,731,871 in grants (including amendments). The following year the program only received \$1,557,320 to fund the program. In FY97, the FTF received a total of \$2,011,056 in funding. The reduction in the FY96 allocation, and the somewhat lesser reduction in the FY 97 allocations have substantially impacted the Federal Trust Fund Program. These reductions reduced the ability to perform state-lead site assessments, remedial actions, and to provide alternate water supplies to affected residents. The FTF is projected to receive \$1,777,476 in FY98, which will again limit the working abilities of the program.

North Carolina Commercial and Noncommercial Trust Funds

The Leaking Petroleum Underground Storage Tank Cleanup Act of 1988* established two separate funds -- the Commercial Trust Fund and the Noncommercial Trust Fund. Both may reimburse owners and operators of USTs for reasonable and necessary costs incurred as a result of environmental cleanup actions and third-party liability claims.

Funding for the Commercial Trust Fund is generated through motor fuel and kerosene inspection tax, excise taxes on kerosene and motor fuel sales and annual payment of tank operating fees. Owners and operators of commercial tanks are required to pay annual tank operating fees. The owners/operators of noncommercial tanks are not required to pay these operating fees. Annual kerosene and motor fuel inspection tax is one source of revenue for the Noncommercial Fund. Beginning January 1, 1995, the Noncommercial Fund also receives 3/32 of one-half cent of taxes on kerosene and motor fuel sales.**

The funding from the Commercial, Noncommercial and the EPA grant, enable the staff to:

- record and track groundwater incidents;
- register commercial USTs and manage a database and annual tank fee payment;
- identify responsible parties;
- provide technical assistance to tank owners and operators;
- monitor site cleanup;
- review site assessments and corrective action plans;
- review reimbursement claim procedures;
- manage contracts for cleanups designated as State lead;
- inspect and monitor for land applications of contaminated soil;
- identify and evaluate abandoned petroleum USTs; and
- evaluate the effectiveness of Professional Engineers and Licensed Geologists to certify closure of UST sites.

* General Statute (G.S.) 143-215.94A et.seq.

** House Bill (H.B.) 681 of 1993

DWQ has the authority to contract for the cleanup of leaking USTs if the owner or operator cannot be identified or located, or if the owner or operator refuses to clean up the site. In such cases, the Groundwater Section is authorized by General Statute to recover costs it incurs in a cleanup.

Income Status of the Cleanup Funds

The Commercial Fund receives approximately \$28.5 million annually from: an inspection fee on motor fuel and kerosene (\$2.9 million); a portion of the motor fuels excise tax (\$13.4 million); and annual tank fees (\$10.8 million). Interest on this account amounts to approximately \$1.3 million, increasing the annual revenue to \$28.5 million. As of June 30, 1997, the fund has received a total of \$184.2 million since 1988.

The Noncommercial Fund receives its support from motor fuel and kerosene inspection tax (\$2.9 million), and a portion of the motor fuels excise tax (\$2.1 million). Including interest, the Fiscal Year 1997 revenue for the Noncommercial Fund was 5.6 million. As of June 30, 1997, the fund has received a total of \$35.9 million since 1988.

Disbursements of Clean-up Funds

From July 1988 through June 30, 1997, approximately \$164.3 million was paid out of the Commercial Fund and \$22.6 million from the Noncommercial Fund for cleanups. The administrative costs for the same period totals \$14.4 million. Details on expenditures are covered in tables on pages 9 and 10 in this report.

PART I

LIST BY DENR REGIONS OF DISCHARGES OR RELEASES OF PETROLEUM FROM UNDERGROUND STORAGE TANKS

The table below lists the number of discharges or releases reported to the Division of Water Quality Regional Offices since the Leaking Petroleum Underground Storage Tank Cleanup program began in 1988.

DISCHARGES OR RELEASES REPORTED BY REGION JANUARY 1, 1997 - JUNE 30, 1997 AND JULY 1, 1988 - JUNE 30, 1997

<u>REGIONS</u>	<u>1/1/97 - 6/30/97</u>	<u>7/1/88 - 6/30/97</u>
Asheville	44	1,172
Fayetteville	25	693
Mooreville	198	2,203
Raleigh	79	2,076
Washington	53	1,376
Wilmington	59	649
Winston-Salem	<u>139</u>	<u>2,513</u>
TOTAL	597	10,682

Total reported releases where groundwater was impacted that have been closed out	170
Total reported releases that have been closed out	2,415
Total remaining sites requiring remediation	8,267*
Estimated number of sites requiring remediation that are commercial sites**	7,027*
Estimated number of site requiring remediation that are noncommercial sites**	1,240*

*S.B. 1317 suspended activities at low priority sites until risk-based rules are implemented. This suspension of activities applies to 81 percent of the sites. Certain types of remediation, such as free product, are still being required.

**Based on past data, approximately 85 percent of the reported releases are from commercial sites while the other 15 percent are from noncommercial sites.

PART II

ESTIMATE OF INCIDENT CLEANUPS OF NONCOMMERCIAL SITES BY DENR REGION FOR THE PERIOD: JANUARY 1, 1997 – JUNE 30, 1997

The cleanup process can easily extend over several years and the costs may vary greatly. An average cost of \$62,500 was used as an estimate of cleanup costs for noncommercial sites.

<u>REGION</u>	<u>INCIDENTS*</u>	<u>TOTAL ESTIMATED CLEANUP COST</u>
ASHEVILLE	6	\$ 375,000
FAYETTEVILLE	4	250,000
MOORESVILLE	30	1,875,000
RALEIGH	12	750,000
WASHINGTON	8	500,000
WILMINGTON	9	562,500
WINSTON-SALEM	<u>21</u>	<u>1,312,500</u>
TOTAL	90	\$ 5,625,000

*Based on past data, approximately 15 percent of the reported releases are from noncommercial sites.

PART III

SUMMARY OF COMMERCIAL AND NONCOMMERCIAL CLEANUPS UNDERTAKEN BY TANK OWNERS OR OPERATORS AND THE CURRENT STATUS

July 1, 1988 - June 30, 1997

Cleanups Initiated 10,682
Closed Out 2,415

REGION: Asheville

CLEANUP INT - 1,172
CLOSED OUT - 582

REGION: Fayetteville

CLEANUP INT - 693
CLOSED OUT - 154

REGION: Mooresville

CLEANUP INT - 2,203
CLOSED OUT - 363

REGION: Raleigh

CLEANUP INT - 2,076
CLOSED OUT - 391

REGION: Washington

CLEANUP INT - 1,376
CLOSED OUT - 266

REGION: Wilmington

CLEANUP INT - 649
CLOSED OUT - 10

REGION: Winston-Salem

CLEANUP INT - 2,513
CLOSED OUT - 649

CLEANUP INT - 10,682
CLOSED OUT - 2,415

TOTAL SITES NOT CLOSED OUT - 8,267*

****KEY****

CLEANUP INT - site cleanup initiated
CLOSED OUT - site cleanup has been completed

"Cleanup initiated" indicates that, at a minimum, a Regional Office has completed a Pollution Incident Reporting Form (PIRF) describing the potential source of the contamination site.

*Cleanup activities at sites ranked CDE (low priority) were suspended by S.B. 1317 until risk-based rules are implemented. Suspension of activities affected 81 percent of the sites. Some cleanup activities are still required such as the removal of free product.

PART IV

STATEMENT OF RECEIPTS AND DISBURSEMENTS COMMERCIAL FUND, NONCOMMERCIAL FUND AND GROUNDWATER PROTECTION LOAN FUND

Commercial Fund

The Commercial Fund is supported by a combination of a motor fuel and kerosene inspection fee, a motor fuel excise tax and fees on commercial petroleum underground storage tanks. Effective January 1, 1993, the fee for each commercial tank of 3,500 gallon or less capacity was \$150; the fee for each commercial tank of more than 3,500 gallon capacity was \$225. Effective January 1, 1997, based on Senate Bill 1317, the fee for commercial tanks increased to \$200 for small tanks and \$300 for large tanks.

Noncommercial Fund

The Noncommercial Fund is funded by a motor fuel and kerosene inspection fee and a motor fuel excise tax.

The table below lists the receipts and disbursements for each fund from June 30, 1988 to June 30, 1997, by fiscal year.

RECEIPTS/DISBURSEMENTS FOR CLEANUPS

<u>FISCAL YEAR</u>	<u>RECEIPTS</u>		<u>DISBURSEMENTS</u>	
	<u>Commercial</u>	<u>Noncommercial</u>	<u>Commercial</u>	<u>Noncommercial</u>
FY 89	\$ 2,337,685	\$ 0.00	\$ 14,768	\$ 0.00
FY 90	5,773,632	2,905,035	79,080	0.00
FY 91	7,330,573	2,934,347	1,616,760	564,206
FY 92	13,484,008	3,018,344	4,409,229	2,143,155
FY 93	18,032,784	7,693,288	9,651,948	4,069,497
FY 94	24,438,966	3,404,086	22,904,802	2,012,312
FY 95	56,037,135*	5,194,725	37,405,510	2,900,368
FY 96	28,178,768	5,215,550	44,060,639	5,029,109
FY 97	<u>28,564,034</u>	<u>5,587,781</u>	<u>44,163,273</u>	<u>5,924,799</u>
TOTAL	\$184,177,585	\$35,953,156	\$164,306,009	\$22,643,446

* \$30,443,994 was transferred from the Loan Fund

The administrative budget for the State Trust Fund is derived from the Commercial and Noncommercial Funds. From 1989 to 1992, the legislature appropriated \$1.2 million per year (\$600,000 from each fund) for administrative costs. In 1993, the appropriated budget was increased to \$1.35 million (\$675,000 from each fund) with the addition of four inspectors to monitor contaminated soil and land application sites.

In 1995, passage of S.B. 1012 increased the appropriations for the Commercial Fund by \$2.1 million to \$2.775 million. Of this amount, \$125,000 was appropriated to identify and evaluate the potential health and environmental risks of abandoned petroleum USTs. In FY96, \$150,000 was appropriated to evaluate the effectiveness of the current practice of requiring Professional Engineers and Licensed Geologists to certify closure activities associated with UST sites. The appropriated budget for the Noncommercial Fund was also increased by \$125,000 to identify and evaluate abandoned petroleum USTs. Funds were also appropriated in the amount of \$135,000 from the Commercial Fund to the NC Department of Agriculture for 1995-96 and \$90,000 for 1996-97 to support additional inspector positions to perform annual leak compliance inspections at commercial retail outlets.

ADMINISTRATIVE EXPENDITURES

FY 1989	-	0.00
FY 1990	-	\$402,509
FY 1991	-	\$1,095,190
FY 1992	-	\$1,034,442
FY 1993	-	\$1,203,373
FY 1994	-	\$1,388,847*
FY 1995	-	\$1,332,540
FY 1996	-	\$3,106,316
FY 1997	-	\$3,424,482

TOTAL \$12,987,700

FUND BALANCE AS OF June 30, 1997

<u>Commercial</u> -	\$11,697,153.74
<u>Noncommercial</u> -	\$ 8,496,430.03

*The Division of Fiscal Management allowed the Groundwater Section's Pollution Control Branch (PCB) to go over budget to cover the 13th month of salary. This was allowed because in previous years PCB had not expended the full allotment. This was an effort by the General Assembly to have state employees' June paychecks returned to the distribution date of June 30, of each fiscal year, as opposed to July 1.

GROUNDWATER PROTECTION LOAN FUND

The Groundwater Protection Loan Fund revenues were provided by a 1/4-cent per gallon tax on motor fuel, to be collected from January 1, 1992 through December 31, 1994.

The Groundwater Protection Loan Fund Rules became effective on December 1, 1992. Eleven North Carolina banks signed on to administer the loan program. As of June 30, 1995, four loans totaling \$1,228,350.50 had been closed. Loans had to be funded by June 30, 1995. After June 30, 1995, remaining funds were deposited into the Commercial Fund. Loan repayments are deposited into the Commercial Fund.

	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>
1992 (Jan - Jun)	\$ 4,043,320.91	0
1992 (Jul - Dec)	5,214,191.10	0
1993 (Jan - Jun)	5,158,260.37	\$ 1,346.87
1993 (Jul - Dec)	5,619,051.10	0
1994 (Jan - Jun)	5,772,462.24	207,975.50
1994 (July - Dec)	5,214,423.02	0
1995 (Jan - Jun)	1,516,210.08*	32,299,918.51**
1995 (Jul - Dec)	0	28,677.94***
1996 (Jan - Jun)	141,390.85	0
1996 (Jul - Dec)	33,572.18	0
1997 (Jan - Jun)	45,627.72	0
TOTAL	\$32,758,509.57****	\$32,537,918.82

* \$22,866.39 received for repayment of loans

** \$31,288,889.72 was transferred to the Commercial Fund.

*** Amount transferred to the Commercial Fund in September 1995.

**** \$28,045.44 was received for interest on loans, and \$37,758.97 was received for repayment of loans during the period July - December 1995 but reflected in the receipts for the Commercial Fund.

PART V

CLAIMS AGAINST THE TWO CLEANUP FUNDS

Claims against both the Commercial and the Noncommercial Funds are administered on a "first come-first served" basis. The following is a statement of all claims received through June 30, 1997, for reimbursements from the Commercial and Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Funds (see Table I, Page 14).

These claims only include costs claimed to date and should not be taken as the total costs for cleanup. Costs claimed range from site assessment to complete cleanup.*

Commercial Fund and Noncommercial Fund

As of June 30, 1997, there were 8,267 open underground storage tank sites requiring additional cleanup before closure can be accomplished. Of those sites, the DWQ estimated that 7,027 (85 percent) of the releases are from commercial underground storage tanks. An estimated 20 percent (1,405) of these releases from commercial USTs will not reach the prescribed deductibles, which ranged from \$20,000 to \$75,000, therefore, the DWQ expects claims from the Commercial Fund to be submitted for 5,622 of the currently known commercial sites (see Table I, Page 14).

As of June 30, 1996, owners/operators of tanks had submitted claims for reimbursement representing only 25.3 percent of the 10,682 releases reported -- 1,877 from the Commercial Fund and 828 from the Noncommercial Fund.

Cleanup Costs

Limited information is available concerning final cleanup costs per site, making projections of the total claims against the funds difficult. Cleanup costs vary from one site to another depending on soils, hydrogeological conditions, cleanup levels and the effectiveness of the remediation technology.

Determining a "typical" cleanup cost is calculated by drawing upon the experiences of others. DWQ estimates an average cleanup cost of \$125,000 for each commercial site, based upon two key studies -- a study by Environmental Information, Ltd., Minneapolis, Minnesota,** and one by the University of Tennessee.***

* H.B. 1222 (Session Laws of 1991, c.538) excluded tank removal costs from coverage as of January 1, 1992 for commercial USTs and as of July 3, 1991 for noncommercial USTs.

** "The Underground Storage Tank Market: Its Current Status and Future Challenges." Environmental Information, Ltd., Minneapolis, Minnesota.

*** "Underground Storage Tanks: Resource Requirements for Corrective Action," University of Tennessee, Knoxville, Tennessee.

These two studies represent the best available statistical reports for comparison with the North Carolina program. The Minnesota study reported that costs vary from \$37,000 to \$250,000 in 16 states it surveyed, with an average cost of \$103,000. The more detailed Tennessee study pointed to average costs of \$175,000 for 1990, but it stated costs would decline steadily to about \$78,000 by the year 2000. That study pointed out that mandatory upgrading and replacement standards for USTs, which went into effect in 1988, would result in far lower cleanup costs by the year 2000.

The DWQ uses an estimate cost of one-half the commercial cost of cleanup for the cost of cleanup of a noncommercial site, or \$62,500.

Leak Detection and Assessment

To use prevention rather than cure, the Groundwater Section of DWQ conducts inspections of UST sites to ensure compliance with state regulations. That procedure shows promise of preventing some of the damages caused by leaking USTs before they occur. Leak detection is one way of identifying product loss before the release can contaminate large quantities of soil or reach the groundwater, thereby reducing cleanup costs.

The Section continues to promote leak and spill prevention through compliance inspections and outreach efforts. With the approach of the 1998 deadlines for the addition of corrosion protection and spill/overfill prevention equipment to older USTs, outreach efforts have increased. The Division instituted a Compliance Assistance Program for owners/operators of USTs. This program allows the owner or operator to request a compliance audit of their facility by Division staff without the threat of enforcement actions. As of June 30, 1997, a total of 619 educational visits had been performed.

Additional outreach activities performed during this period include a Owner/Operator Day co-sponsored with the Petroleum Marketers Association in which over 600 people attended, four additional public presentations, the publication and distribution of the first issue of the Groundwater Section newsletter, and the completion of the Groundwater Section Webpage. Combined, these activities set-up a means for the public to access information concerning UST issues.

The UST operating permit program, which started on January 1, 1996, was fully implemented by October 1, 1996. As of June 30, 1997, there were a total of 10,798 active permits.

TABLE I

**LEAKING PETROLEUM UNDERGROUND STORAGE TANK CLEANUP FUNDS
FROM JULY 1, 1988 TO JUNE 30, 1997**

COMMERCIAL FUND

	<u>NUMBER</u>	<u>COST</u>
Claims paid	7,879	\$159,332,998
Initial 50 percent of claims paid	3,088	\$ 33,048,091
Incidents denied totally (ineligible)	22	\$ 2,143,725
Claims denied partially (excessive or undocumented costs)	5,486	\$ 28,456,568
Claims pending	636	\$ 12,580,654
Contracted cleanups* (actions undertaken or completed)	110 sites	\$ 5,257,996
Anticipated claims for releases reported**	5,622***	\$535,409,000

NONCOMMERCIAL FUND

	<u>NUMBER</u>	<u>COST</u>
Claims paid	2,071	\$ 20,549,081
Initial 50 percent of claims paid	807	\$ 5,128,602
Incidents denied totally (ineligible)	3	\$ 52,188
Claims denied partially (excessive or undocumented costs)	1,240	\$ 2,724,124
Claims pending	172	\$ 2,304,596
Contracted Cleanups* (actions undertaken or completed)	43 sites	\$ 1,493,411
Anticipated claims for releases reported**	1,240	\$ 55,270,000

*Effective July 19, 1993, H.B. 1061 mandated that the Commercial Fund pay for contracted cleanup costs resulting from commercial underground storage tanks. Previously, all contracted cleanup costs were disbursed from the Noncommercial Fund. Subsequently, 20 cleanup sites have had both noncommercial and commercial designations.

**Based on past data, it is estimated that commercial incidents represent 85 percent of the reported releases and noncommercial releases represent the remaining 15 percent.

***It is estimated that 20 percent of commercial releases will not reach the prescribed deductibles which range from \$20,000 to \$75,000.

PART VI
ADEQUACY OF THE FUNDS
TO CARRY OUT THE PURPOSES OF
PETROLEUM UNDERGROUND STORAGE TANK CLEANUP

Commercial Fund

The number of reimbursement requests began rising in the summer of 1992 and continue to grow, resulting in a backlog of claims awaiting review. Both the number of claims and costs of cleanups are steadily rising.

In FY 1997, the motor excise tax deposited approximately \$13.7 million a year; other funding sources, including interest earned on invested funds and tank fees, produced another \$14.8 million for a total of \$28.5 million.(see Table II, page 18).

With the commercial fund balance of \$11,697,153 and claims pending of \$12,850,654 on June 30, 1997, a negative working balance remained. The viability of the fund (using 1996 and 1997 figures to project revenues and claims against the fund and how it influences the fund balance) is depicted in Figure 1 (see Page 19 with explanation of amounts used on Pages 20 and 21). Predictions are that the money in the fund will be depleted by the end of the calendar year.

S.B. 1317, enacted on June 21, 1996, addresses the solvency of the fund by introducing measures to reduce cleanup costs and increase revenue to the fund. Assessment and cleanup activities at UST sites categorized as low priority and with a ranking of "CDE" were suspended until risk based rules are introduced. Work at high priority sites (ranked "AB") will proceed and be reimbursed as before. Certain cleanup activities at CDE sites will still be performed. These cleanup activities include the removal of free product and actions to prevent further release or discharge of petroleum from an UST. Presently, 81 percent of the UST sites are in category CDE and suspension of activities at these sites will make a significant difference in cleanup costs. The total effect of the suspension has not been reflected in the claims received during this report period. Since S.B. 1317 was enacted, only 13.3 percent of the claims received were for work performed since the effective date of the suspension.

The average number of claims received per month since the suspension of activities is not significantly less than before. However, the dollar amount of claims received per month after the suspension of activities is 32 percent less than the dollar amounts received for the six months prior to the suspension. This is not reflected in the actual monthly expenditure because DWQ staff was diligently striving to reduce the backlog of claim and processed more claims than were received.

Effective July 19, 1993, H.B. 1061 mandated that the Commercial Fund pay for contracted cleanup costs resulting from commercial underground storage tanks. Prior to this bill, all cleanup costs,

regardless of the site, were disbursed from the Noncommercial Fund. A total of \$5,257,996 has been dispersed from the Commercial Fund for contracted state lead cleanups at 110 sites. Twenty of these sites also had some dispersement from the Noncommercial Fund prior to the July 1993 amendment.

The increase of tank fees introduced by S.B. 1317 became effective on January 1, 1997. Since tank owners/operators are invoiced using a quarterly billing cycle, this increase will only be fully implemented by October 1997. In FY97, tank fees generated \$10.8 million which is an increase of \$1.3 million from FY96. The amount generated from operating fees will be higher in FY98 when all billing periods will include the increased tank fee charges.

The effects of S.B. 1317 on the future solvency of the fund has not been included in the projections as illustrated in Figure 1 (Pages 19).

Noncommercial Fund

The Noncommercial Fund receives income from the kerosene and motor fuel inspection tax and excise tax.

G.S. 119-18 (b) states that if the amount of revenue in the Noncommercial Fund at the end of a month is at least \$5 million, one half of the motor fuel inspection tax shall be credited to the Commercial Fund and one half shall be credited to the Noncommercial Fund. If the amount of revenue in the Noncommercial Fund at the end of the month is less than this threshold amount, all the tax shall be credited to the Noncommercial Fund.

For the past fiscal year, the income from the motor fuels and kerosene inspection tax portion of Noncommercial Fund revenues was \$2.9 million. The interest income was approximately \$555,000. Starting January 1, 1995 the fund has received 3/32 of one-half cent of taxes on kerosene and motor fuel sales (motor excise tax). The excise tax has produced an income of approximately \$2.1 million for fiscal year 1997.

G.S. 119-18 (b) states that the costs of any cleanup shall be paid, to the extent funds are available, from the following sources in the order listed:

- 1) Any funds to which the State is entitled under any federal program providing for the cleanup of petroleum releases from underground storage tanks.
- 2) The Commercial Fund or the Noncommercial Fund.

Claims and contract sites approved for reimbursement from the Noncommercial Fund between January 1, 1997 and June 30, 1997 totaled \$3,062,537. In addition to reimbursements, the Noncommercial Fund is authorized to pay for cleanup actions undertaken by the Department and

cooperating federal, state and local government agencies at noncommercial sites. Prior to July 19, 1993, the Noncommercial Fund also dispersed funds for cleanups at commercial sites. The Department has seven current contracts with environmental engineering/geology contractors for the State Trust Fund Group to perform this work. The Noncommercial Fund has dispersed \$1,493,411 for cleanup at 43 sites.

The Noncommercial Fund balance was \$8,496,430 on June 30, 1997. The revenues, including interest, for fiscal year 1997 were \$5.6 million. If claims to the Noncommercial Fund continue at the current rate, the fund will be sufficient through 1997 (see Figure 2, Page 22).

TABLE II

COMMERCIAL FUND REVENUES AND EXPENDITURES FOR FISCAL YEAR 1997

Kerosene & Motor Fuel Inspection Tax	\$ 2,915,315
Motor Excise Tax	\$13,402,190
Operating (Tank) Fees	\$10,839,975*
Interest	<u>\$ 1,327,413</u>
TOTAL COMMERCIAL REVENUES	\$28,484,893
Total claims and contracted cleanups during FY97	\$44,163,274
Administrative Costs	<u>\$ 2,623,339</u>
TOTAL COMMERCIAL EXPENDITURES	\$46,786,613

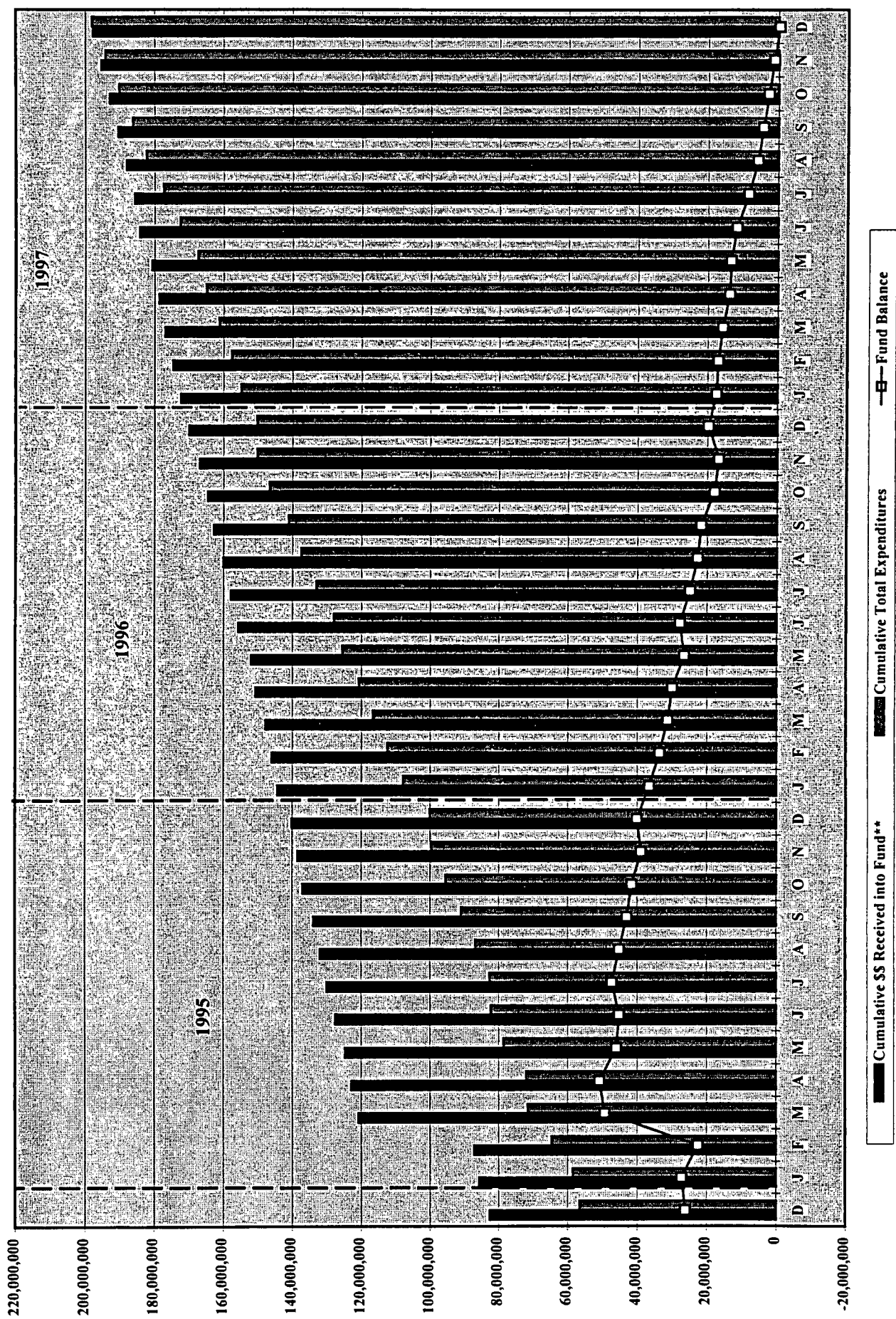
NONCOMMERCIAL FUND REVENUES AND EXPENDITURES FOR FISCAL YEAR 1997

Kerosene & Motor Fuel Inspection Tax	\$ 2,915,315
Motor Excise Tax	\$ 2,117,442
Interest	<u>\$ 555,023</u>
TOTAL NONCOMMERCIAL REVENUES	\$ 5,587,780
Total claims and contracted cleanups during FY97	\$ 5,924,799
Administrative Costs	<u>\$ 801,143</u>
TOTAL NONCOMMERCIAL EXPENDITURES	\$ 6,725,942

*Effective January 1, 1997, the fee for each commercial tank of 3,500 gallons or less capacity is \$200; the fee for each commercial tank of more than 3,500 gallon capacity is \$300. SB 1317

FIGURE 1

STATE COMMERCIAL TRUST FUND BALANCE THROUGH 1997: REVENUES vs EXPENDITURES



STATE COMMERCIAL TRUST FUND BALANCE: REVENUES vs EXPENDITURES

	1994	1995															
		J	F	M	A	M	J	J	A	S	O	N	D				
Administrative Costs (1)		55,523	55,523	55,523	55,523	55,523	55,523	193,553	193,553	193,553	193,553	193,553	193,553				
State Lead Sites Costs (2)		99,408	99,408	99,408	99,408	99,408	99,408	99,408	99,408	99,408	99,408	99,408	99,408				
Total Admin. + State Lead Costs		154,930	154,930	154,930	154,930	154,930	154,930	292,960	292,960	292,960	292,960	292,960	292,960				
Cumulative Total (3)	4,477,363	4,632,293	4,787,223	4,942,153	5,097,083	5,252,013	5,406,943	5,699,904	5,992,864	6,285,824	6,578,784	6,871,745	7,164,705				
Reimbursement Amount (4)		1,791,199	6,007,417	6,716,971	327,835	6,486,841	3,308,468	64,886	3,811,283	3,800,081	4,260,191	3,867,279	238,167				
Cumulative Total of Reimb. Amounts (5)	51,987,426	53,778,625	59,786,042	66,503,014	66,830,849	73,317,689	76,826,157	76,891,044	80,702,326	84,502,407	88,762,598	92,629,877	92,868,044				
Cumulative Total Expenditures (6)	56,464,788	58,410,918	64,573,265	71,445,166	71,927,932	78,569,702	82,233,101	82,590,947	86,693,190	90,788,231	95,341,382	99,501,621	100,032,749				
SS Received Into Fund (monthly) (7)		2,961,870	1,445,920	33,682,967	2,032,770	1,826,481	2,872,718	2,392,872	1,957,162	1,954,839	3,146,807	1,491,691	1,680,281				
Cumulative SS Received Into Fund (8)	82,612,056	85,573,926	87,019,846	120,702,813	122,735,583	124,562,064	127,434,782	129,827,654	131,784,816	133,739,655	136,886,462	138,378,153	140,038,434				
Cumulative Total Expenditures (6)	56,464,788	58,410,918	64,573,265	71,445,166	71,927,932	78,569,702	82,233,101	82,590,947	86,693,190	90,788,231	95,341,382	99,501,621	100,032,749				
Fund Balance (9)	26,147,268	27,163,008	22,446,581	49,257,647	50,807,651	45,992,362	45,201,681	47,236,707	45,089,626	42,951,424	41,545,080	38,876,532	40,032,685				

NOTES: (General - all projections have been made using the EXCEL function "TREND" (a linear regression)).

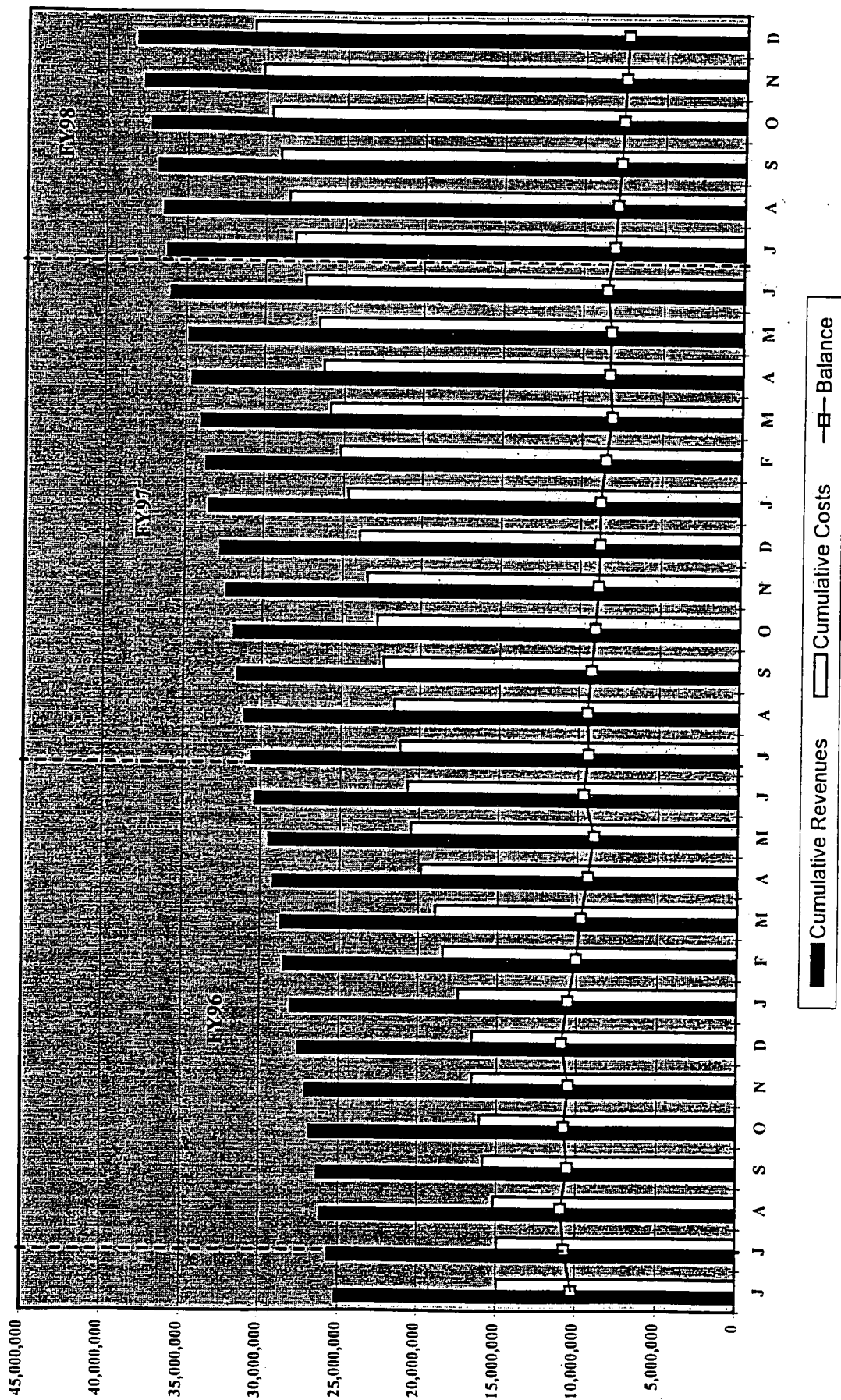
- (1) The figures for 1/95 - 6/95 represent a monthly average of the actual total amount spent during FY95. The figures for 7/95 - 6/96 represent a monthly average of the actual total amount spent during this period. The figures for 7/96 - 12/96 are monthly averages based on actual expenditures. The figures for 1/97 through 7/97 are actual monthly expenditures, and those for 8/97 through 12/97 are monthly average amounts based on actual expenditures for 1/97 through 7/97.
- (2) These figures represent average monthly expenditures for state - lead cleanup activities based on historic data. The figure used for the period 1/95 - 6/96 is an average monthly figure based on the total expenditure of \$1,789,344 during this period. The figures for 7/96 - 12/96 are average monthly amounts based on actual expenditures during this period. The figures for 1/97 - 7/97 are actual expenditures. Those for 8/97 through 12/97 are monthly averages based on the actual amount spent during the period 1/97 - 7/97.
- (3) The figure for 1994 represents \$2,895,316 in administrative expenditures through 12/94, plus \$1,582,047 for site expenditures through 12/94.
- (4) The figures for 4/95 through 7/97 represent actual monthly reimbursement amounts; because of the highly variable nature of these monthly figures, no monthly projections were made in order to obtain future monthly reimbursement predictions.
- (5) The figure for 1994 represents the cumulative amount of reimbursements made through December, 1994; the figures for 1/95 through 7/97 represent the successive addition of actual monthly reimbursement amounts; the figures from 8/97 onward represent a projection of the cumulative total reimbursement amount, based on an average rate of reimbursement of \$3,610,035 per month.
- (6) These figures represent the cumulative totals of Administrative Costs + State - Lead Site Costs + Reimbursement Expenditures.
- (7) For 1/95 - 7/97 actual revenues are used (the amount for March, 1995 reflects the addition of the final balance of the loan fund reverting back into the Commercial Fund); The figure used from 8/97 through December 1997 is the average amount received from July 1995 through July 1997.
- (8) The Figure shown for December, 1994 represents the actual balance at the end of calendar year 1994; each successive monthly figure represents the addition of the monthly amount received as described in Note (6).
- (9) The Fund Balance is the cumulative amount received into the Fund minus the cumulative amount of reimbursements, administrative and site costs.

STATE COMMERCIAL TRUST FUND BALANCE: REVENUES vs EXPENDITURES

	1996											
	J	F	M	A	M	J	J	A	S	O	N	D
Administrative Costs (1)	193,553	193,553	193,553	193,553	193,553	193,553	176,408	176,408	176,408	176,408	176,408	176,408
State Lead Sites Costs (2)	119,289	119,289	119,289	119,289	119,289	119,289	119,289	119,289	119,289	119,289	119,289	119,289
Total Admin. + State Lead Costs	312,842	312,842	312,842	312,842	312,842	312,842	295,697	295,697	295,697	295,697	295,697	295,697
Cumulative Total (3)	7,477,547	7,790,388	8,103,230	8,416,072	8,728,914	9,041,756	9,337,452	9,633,149	9,928,846	10,224,543	10,520,239	10,815,936
Reimbursement Amount (4)	7,431,629	4,279,905	3,880,598	3,761,012	4,494,141	2,099,951	4,773,528	4,141,542	3,414,063	5,246,881	3,224,930	1,959,315
Cumulative Total of Reimb. Amounts (5)	100,299,673	104,579,578	108,460,176	112,221,188	116,715,329	118,815,280	123,588,808	127,730,350	131,144,413	136,391,294	139,616,225	141,575,540
Cumulative Total Expenditures (6)	107,777,220	112,369,966	116,563,406	120,637,260	125,444,243	127,857,035	132,926,260	137,363,499	141,073,259	146,615,837	150,136,464	152,391,476
SS Received into Fund (monthly) (7)	4,221,391	1,640,117	1,856,551	2,799,055	1,330,540	3,707,461	2,181,240	2,250,231	2,693,956	1,742,930	2,330,582	3,069,606
Cumulative SS Received into Fund (8)	144,279,825	145,919,943	147,776,494	150,575,549	151,906,089	155,613,550	157,794,789	160,045,021	162,738,976	164,481,906	166,812,488	169,882,094
Cumulative Total Expenditures (6)	107,777,220	112,369,966	116,563,406	120,637,260	125,444,243	127,857,035	132,926,260	137,363,499	141,073,259	146,615,837	150,136,464	152,391,476
Fund Balance (9)	36,502,606	33,549,976	31,213,088	29,938,289	26,461,846	27,756,514	24,868,529	22,681,522	21,665,717	17,866,069	16,676,024	17,490,618

	1997											
	J	F	M	A	M	J	J	A	S	O	N	D
Administrative Costs (1)	203,757	209,600	173,076	329,313	174,314	474,835	0	223,556	223,556	223,556	223,556	223,556
State Lead Sites Costs (2)	185,037	77,705	162,406	190,147	89,877	52,740	58,586	116,642	116,642	116,642	116,642	116,642
Total Admin. + State Lead Costs	388,793	287,305	335,482	519,459	264,191	527,575	58,586	340,198	340,198	340,198	340,198	340,198
Cumulative Total (3)	11,204,729	11,492,034	11,827,515	12,346,975	12,611,166	13,138,741	13,197,327	13,537,525	13,877,724	14,217,922	14,558,120	14,898,319
Reimbursement Amount (4)	4,200,952	2,489,185	3,251,828	3,174,930	2,204,812	4,616,557	4,756,985	168,755,606	172,365,641	175,975,676	179,585,710	183,195,745
Cumulative Total of Reimb. Amounts (5)	143,604,378	146,093,563	149,345,391	152,520,320	154,725,133	159,341,690	164,098,675	182,293,131	186,243,364	190,193,598	194,143,831	198,094,064
Cumulative Total Expenditures (6)	154,809,107	157,585,597	161,172,906	164,867,295	167,336,299	172,480,431	177,296,002	182,293,131	186,243,364	190,193,598	194,143,831	198,094,064
SS Received into Fund (monthly) (7)	2,310,726	2,310,726	2,310,726	1,796,421	2,034,874.51	3,518,541.65	1,430,876.44	2,423,341.89	2,423,341.89	2,423,341.89	2,423,341.89	2,423,341.89
Cumulative SS Received into Fund (8)	172,192,819	174,503,545	176,814,270	178,610,692	180,645,566	184,177,582	185,608,458	188,031,800	190,455,142	192,878,484	195,301,826	197,725,168
Cumulative Total Expenditures (6)	154,809,107	157,585,597	161,172,906	164,867,295	167,336,299	172,480,431	177,296,002	182,293,131	186,243,364	190,193,598	194,143,831	198,094,064
Fund Balance (9)	17,383,712	16,917,948	15,641,364	13,743,397	13,309,268	11,697,151	8,312,456	5,738,669	4,211,778	2,684,886	1,157,995	-368,896

FIGURE 2
Non-Commercial Trust Fund Balance Through 12/31/97



PART VII

GROUNDWATER PROTECTION LOAN FUND

The Groundwater Protection Loan Fund Program was created in 1991.* Administrative Rules (15A NCAC 1K) implementing the program were adopted by the DENR, effective December 1, 1992. The purpose of the Loan Fund Program was to assist owners of commercial underground storage tanks in replacing or upgrading their tanks to the standards required in the Administrative Rules: "Criteria and Standards Applicable to Underground Storage Tanks."

The Groundwater Protection Loan Fund was created to enable the Department to provide loans funded through a 1/4-cent per gallon of the motor fuel excise tax, from January 1, 1992 through December 31, 1994. The program was projected to provide approximately \$30 million for loans over the next several years.

Only four loans for a total of \$1,228,350.50 have been closed. Another 77 loans totaling \$1.5 million were approved but were withdrawn before the June 30, 1995, deadline terminating the program [15A NCAC 1K .0102 (f)]. Two loans totaling \$125,000 were approved, but applicants found financing elsewhere.

Repayment of loans and interest is an ongoing part of the program and all amounts received under these headings are revenue to the Commercial Fund.

* Session Laws 1991, c. 538. s. 25 - G.S. 143-215.94P

PART VIII

SPECIAL STUDIES

Abandoned Petroleum Underground Storage Tank Study

A study of abandoned or orphan underground storage tanks (USTs) was conducted by the Division of Water Quality, Groundwater Section, State Trust Fund Group. The purpose of this study was to identify and evaluate the threat to human health and the environment from abandoned petroleum underground storage tanks throughout North Carolina. A site was considered eligible for the study if the USTs had never been registered with the State, the owner/operator of the USTs was not easily identifiable, and the USTs had not been used for several years. The study was performed using data from three surveyed counties and that data was used to estimate the number of abandoned USTs in the State of North Carolina.

The data collected for this study indicated that there are roughly 3,230 to 4,040 orphan UST sites in North Carolina. Based on the site investigations, it appears that approximately 44 percent of the sites have contamination that affects soil and/or groundwater thus, there may be 1,400 to 2,100 contaminated orphan UST sites in the state. Soil and groundwater contamination is likely to impact human health more directly in rural areas, where more people rely on groundwater to meet their water needs, than in urban areas where most people are served by a public water supply.

The Federal and State Lead programs are designed to address sites with contamination where there is no identifiable responsible party or the responsible party refuses or is financially unable to proceed with cleanup. The State of North Carolina funds and supervises cleanup activities, if required, with monies from the Commercial and Noncommercial State Trust Funds. A State Lead contractor will conduct preliminary site assessments, tank removals and perform additional work as necessary, according to the priority ranking of each site.

Each orphan tank site will be considered either a low priority or high priority site. Low priority sites are not a direct threat to human health or safety therefore, they require minimal cleanup and capital expenditures. At low priority sites the State collects essential information about the site and may elect to remove underground storage tanks to eliminate the contaminant source, costing from \$2,000 to \$15,000 per site. High priority sites require significant remediation to meet the soil and groundwater cleanup standards, and thus require a large capital expenditure. Based upon current State Lead figures, the average cost to assess and address any site in the State Lead Program is about \$31,000. Based on the numbers generated in the study, there are roughly 1,400 to 2,100 contaminated sites in the State which will require at least an initial assessment. If it is assumed that there are 2,100 contaminated sites out of 3,230 orphan sites, that leaves 1,130 sites that will require at least an initial assessment to evaluate the priority of the site, It is estimated that it would cost at least \$2,000 per site to conduct an initial assessment, for a total of \$2.2 million. With an estimated

2,100 sites requiring an average of \$31,000 each to address contamination, it will probably cost more than \$65 million to clean up contamination from orphan tanks in North Carolina.*

Professional Engineer/Licensed Geologist Study

In August and September of 1992, a study was conducted to test the reliability of underground storage tank (UST) closure reports submitted to the Division of Environmental Management (DEM) regional offices. The results indicated that of the 55 sites assessed, 21 (38 percent) had soil or groundwater contamination which exceeded state action levels applicable at the time of closure.

Because of the results of this study, the Groundwater Section in a rule change in 1993 required all closure reports submitted after January 1, 1994, to be done under the direct supervision of a licensed professional. Senate Bill 1012, ratified on July 5, 1995, allocated \$150,000 to evaluate the effectiveness of requiring certified Professional Engineers (P.E.) or Licensed Geologists (L.G.) to certify closure activities associated with UST sites. The intent of this study was to determine if the investigation results of "clean closures" are more favorable now that P.E.'s and L.G.'s are required to oversee closure activities. Only closures conducted on or after January 1, 1994 were selected.

Sampling procedures were to duplicate those of the original UST closure assessor(s). Soil and groundwater samples were collected at approximately the same locations and depths as those reported in the closure reports. Of the 40 sites considered in this study, only six (15 percent) showed some evidence of petroleum impact above either the groundwater standards or state soil action levels.

Effective August 3, 1996, H.B. 53 redefined the practice of engineering and geology so that these terms do not include the "assessment of an underground storage tank (UST) required by applicable rules at closure or change in service unless there has been a discharge or release of the product from the tank." Therefore, UST closure assessments required at sites where there has been no discharge or release, are not required to be performed under the supervision of a PE or LG.

Privatization of the Leaking Petroleum Underground Storage Tank Cleanup Program

This study addressed the option to privatize the leaking petroleum underground storage tank (UST) cleanup program. A committee made up of members in private industry, but active in the UST arena, and a representative from the office of the State Auditor were elected by the Department to research this topic and submit their conclusions. The issues discussed were the solvency of the State Trust Fund, whether the UST program was an insurance policy or if insurance companies

*Risk-based assessment and corrective action rules, when promulgated, may reduce these cleanup cost figures.

should provide financial assurance, and cost effectiveness of privatization including costs and staffing needs.

The committee found that nine states currently have privatized some part of their program. Arizona, Florida, Iowa and Virginia use consulting companies to process their claims. The number of claims processed per month by these states varied from 100 to 400. The consulting agencies were paid \$1,000 to \$1,200 per claim. North Carolina is presently processing 400 claims per month; however, 200 claims per month was used as the average for this study. States using contractors to review UST cleanup claims are using at least the same number of State personnel to do quality assurance checks on the work performed. Therefore, no reduction of Division staff is expected. It was estimated that additional funding, to pay the contractor, in the amount of \$4.5 to \$5 million per year would need to be generated. The solvency of the STF and the present status of revenues do not allow this expenditure.

The committee also considered the changes that were forthcoming to the current system including the Risk-based rules and the 1998 regulatory requirements. Taking all of these conditions into account, the committee concluded not to consider privatization at this time. It was suggested that the 1998 upgrading requirements be added to the UST eligibility requirements and to possibly consider privatization again in 1999 when changes to the program have been in operation for a while and the solvency of the STF has been addressed.

PART IX

SUMMARY

1. In comparison to the mid-1980s estimates of leaking USTs in North Carolina, the number and percentage of discharges and releases are substantially less than expected. Altogether, 53,397 commercial tanks have been closed or removed since the UST program was enacted. Presently, North Carolina has 37,776 known operational commercial USTs.

Presently, 8,267 UST release sites are in the process of remediation. Based on past data, it is estimated that 85 percent or 7,027 of the open sites are from commercial USTs. Therefore, the additional 1,240 leaks are from noncommercial USTs. The number of noncommercial reported releases appears low, but this is based on the fact that these tanks are not regulated and leak detection monitoring is not required. Leaks are usually discovered when tanks are removed, by leak detection monitoring for regulated tanks, when a real estate transaction requires a site assessment, or when water supply wells are contaminated.

2. A total of 10,682 leaks from USTs have been reported. Closure has been achieved on 2,415 or 22.6 percent of the leaks reported. These closures include 170 groundwater-related incidents.
3. Presently, the program receives annual tank fees from 37,776 commercial USTs. Since inception of the UST program, \$184,882,444 has been received in the Commercial Fund from inspection taxes, excise taxes and tank operating fees.

Of an estimated 8,267 commercial UST incidents, owners/operators submitted reimbursement claims for 1,877 incidents. Those claims resulted in disbursements of \$159,332,998.

The Commercial fund balance, as of June 30, 1997, was \$11,697,153 with pending claims totaling \$12,850,654.

4. To date, the Noncommercial Fund has received \$38.8 million from the motor fuel inspection tax as well as excise tax and has spent \$20.5 million on 828 incidents. A large number of reimbursement requests are likely to be submitted in the future.

DWQ estimates it will cost an average of \$62,500 per incident or a total of \$55 million in Noncommercial Fund money to cleanup the 1,240 reported releases from noncommercial USTs.

The Noncommercial fund balance, as of June 30, 1997, was \$8,496,430.

5. The expenditure ratio is far higher for the Commercial Fund. DWQ anticipates it will take another \$535 million (minus deductibles) for cleanup of the estimated claims on 5,622 incidents expected to exceed the deductibles and make claims to the Commercial Trust Fund. This is based on a incident requiring an average of \$125,000 for cleanup of the site. This does not account for any third-party claims.
6. There has been a steady increase in claims and disbursements against both funds during the past four years which is now slowing. Reimbursements from the Commercial Fund increased from \$22.9 million to \$44.2 million from FY94 and FY97, and disbursements from the Noncommercial Fund increased from \$2.0 million to \$5.9 million during the same period. However, between FY96 and FY97 the disbursement for the commercial fund rose only \$102,634 in comparison to a rise of \$6,655,129 between FY95 and FY96.

According to DWQ's prediction, using the present rate of reimbursement, the Commercial Fund will be depleted by the end of 1997. This does not account for changes introduced by S.B. 1317 to address the solvency of both funds. The effect of this bill is assumed to be a cause of the slowing increase in disbursement costs, although the total effect of the suspension of activities has not been reflected in the claims received during this report period. Since S.B. 1317 was enacted, only 13.3 percent of the claims received were for work performed since the suspension became effective.

It appears that sufficient funding exists to meet all claims against the Noncommercial Fund through fiscal year 1998. However, the balance in the fund started to decline in 1995.

7. The number of new applications for STF eligibility, the number of requests for cleanup and reimbursement, the number of enforcement actions and the additional workload to deal with processing and issuing tank operating permits -- all are growing from year to year. DWQ processed reimbursement claims and contracted cleanups totaling \$50.1 million during fiscal year 1997 (\$44.2 million for the Commercial Fund and \$5.9 million for the Noncommercial Fund).
8. A study of abandoned or orphan petroleum underground storage tanks was conducted by the Division of Water Quality to identify and evaluate the threat of these tanks throughout North Carolina. The study indicated that there are roughly 3,230 to 4,040 orphan UST sites statewide. Based on the site investigations, it appeared that approximately 44 percent of the sites have contamination that affect the soil and/or groundwater.

It was estimated that there are 1,130 orphan sites that would require at least initial assessment. This would cost \$2,000 per site, totaling \$2.2 million. The additional 2,100 sites would require cleanup with an average cost of \$31,000 per site. In summary, it would cost over \$65 million to cleanup contamination from all orphan USTs in North Carolina.*

*Risk-based assessment and corrective action rules, when promulgated, may reduce this cleanup cost.

9. A study was conducted in 1992 to test the reliability of underground storage tank closure reports submitted to the Division. Results of the 1992 study showed that of the 50 sites considered, 21 (38 percent) showed some evidence of petroleum impact above either groundwater or soil standards at the time of closure. Based on the results of this study the Groundwater Section changed a rule requiring all closure reports submitted after January 1, 1994, to be done under the direct supervision of a licensed professional.

In 1995, an evaluation of the effectiveness of this rule was performed. In this evaluation, sampling procedures were to duplicate those of the original UST closure report. Of the 40 sites considered, only six (15 percent) showed some evidence of petroleum impact above either groundwater standards or state soil action levels.

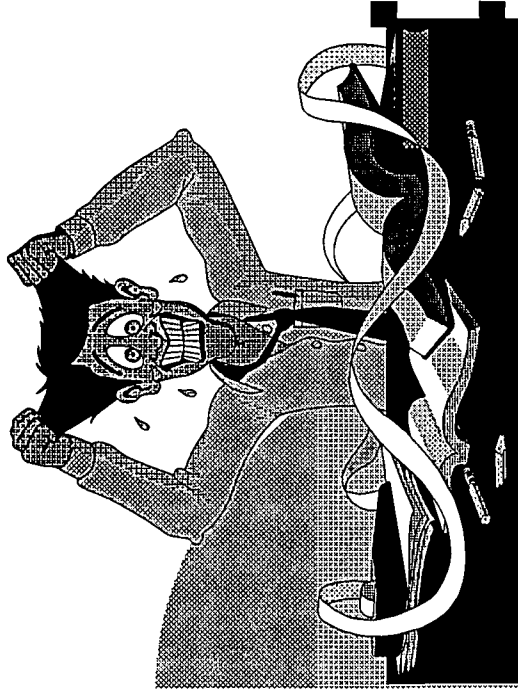
Effective August 3, 1996, H.B. 53 redefined the practice of engineering and geology so that these terms do not include the "assessment of an underground storage tank (UST) required by applicable rules at closure or change in service unless there has been a discharge or release of the product from the tank." Therefore, UST closure assessments required at sites where there has been no discharge or release, are not required to be performed under the supervision of a PE or LG.

10. A study to address the option of privatization of the leaking underground storage tank cleanup program was performed. DENR elected to have a committee made up of members in private industry, active in the UST arena, and a representative from the office of the State Auditor, to perform the study.

The committee concluded that the solvency of the STF should be addressed before privatization is considered, and that some time must be allowed to observe the effect of changes recently introduced. A privatization study may be considered again in 1999 when the changes have been in operation for a while.

STATUS REPORT UST TRUST FUND

	<u>COMMERCIAL</u>	<u>NON-COMMERCIAL</u>
Fund Balance June 30, 1997	\$ 11,697,153	\$ 8,496,430
Claims Received 7/1/97 - 1/31/98	1,570	291
Revenue received 7/1/97 - 1/31/98	\$ 15,315,822	\$ 2,861,163
Total Disbursements 7/1/97 - 1/31/98	<u>\$ 21,915,719</u>	<u>\$ 2,867,375</u>
Fund Balance January 31, 1998	\$ 5,097,255	\$ 8,490,218
 Fund Balance February 16, 1998	 \$ 3,967,896	 \$ 8,192,748
Claims Pending February 16, 1998	\$ 9,908,422	\$ 1,330,498
 Total Claims Received 7/1/88 - 1/31/98	 9,449	 2,362
Total Revenue 7/1/88 - 1/31/98	\$199,493,406	\$38,814,318
Total Disbursements 7/1/88 - 1/31/98 (Less Administrative Cost)	\$184,794,286	\$25,121,972
Total Administrative Cost 7/1/88 - 1/31/98	\$14,803,989	



FUND MANAGEMENT

	Receipts	Expenditures
July	\$1,430,876	\$4,815,571
■ Aug.	\$2,285,155	\$2,846,314
■ Sept.	\$3,264,703	\$2,569,378
■ Oct.	\$1,656,763	\$2,534,802
■ Nov.	\$2,231,811	\$2,734,522
■ Dec.	\$2,721,594	\$3,041,085
■ Jan.	\$1,724,917	\$3,374,045
■ Ave.	\$2,187,974	\$3,130,817

Attachment E

STF REVENUE**COMMERCIAL FUND:**

Inspection Tax (1/4 of 1 cent/gal motor fuel & kerosene)	\$2,915,315
Excise Tax (19/32 of 1/2 cent/gal)	\$13,402,190
Tax Total	\$16,317,505
Tank Fees	\$10,321,900
Total	<u>\$26,639,405</u>

Tank Fees for 37,467 total billable tanks (12/1/97):

28,285 Large tanks @ \$300/tank =	\$8,485,500
9,182 Small tanks @ \$200/tank =	\$1,836,400
Total	\$10,321,900

TOTAL BILLABLE TANKS:

6/30/97	37,776
6/30/96	37,529
6/30/95	39,289
6/30/94	42,894

NONCOMMERCIAL FUND:

Inspection Tax	\$2,915,315
Excise Tax (3/32 of 1/2 cent/gal)	\$2,117,442
Total	<u>\$5,032,757</u>

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Natural & Economic Resources

February 17, 1998

Name of Committee

Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
<i>L. Locks</i>	<i>DENR</i>
<i>Ed Regan</i>	<i>N.C. Assoc. of Co. Commissioners</i>
<i>Doug Lassiter</i>	<i>NC Septic Tank Assoc.</i>
<i>Roll Oam</i>	<i>DENR</i>
<i>Daniel Herlong</i>	<i>State Planning</i>
<i>Leo Tilly</i>	<i>Commerce</i>
<i>Jane Green</i>	<i>Employment Security Commission</i>
<i>Julie Roberts</i>	<i>State Auditor's Office</i>
<i>David Simmons</i>	<i>ZOA, PA</i>
<i>Sharon Wooten</i>	<i>OSBM</i>
<i>JW Reel</i>	<i>"</i>
<i>Johnny Gray</i>	<i>"</i>
<i>Tommy Stevens</i>	<i>DWQ</i>
<i>Angela McNeil</i>	<i>DENR BPA</i>
<i>Robert Bow</i>	<i>Boat & Assoc</i>
<i>Richard Ferguson</i>	<i>Labret</i>
<i>Becky Brown</i>	<i>Labor</i>
<i>Darla Cope</i>	<i>Labor</i>
<i>Gary Harris</i>	<i>NCPMA</i>
<i>Tom MEHDER</i>	<i>USTFC</i>
<i>Al Hargett</i>	<i>NCSSA</i>
<i>RICK WROBIECKI</i>	<i>NCSSA</i>
<i>Ken Czok</i>	<i>CBM</i>
<i>Tomie Benton</i>	<i>CBM</i>
<i>David E. Clary</i>	<i>Ray Thomas Petroleum Co</i>

**Joint Appropriations Subcommittee on
Natural and Economic Resources**

Wednesday, February 18, 1998

9:00 AM, Room 423

1. Environmental and Natural Resource Related Trust Funds

- Clean Water Management Trust Fund

Joe Hester
Chairman of the Board of Trustees

David McNaught
Executive Director

- Wetlands Restoration Fund

Ron Ferrell, Wetlands Program Manager
Division of Water Quality
Department of Environment and Natural Resources

- Parks and Recreation Trust Fund
- Natural Heritage Trust Fund

Phil McKnelly, Director
Division of Parks and Recreation
Department of Environment and Natural Resources

Lunch Break

2. Performance/Program Budget (P/PB)

- Overview of North Carolina's Performance/Program Budget

John Dorman, Deputy Director
Office of State Planning

- Performance/Program Budgeting in the Natural and Economic Resources Area

David Herlong
Office of State Planning

**Joint Appropriations Subcommittee
On
Natural and Economic Resources**

Wednesday, February 18, 1998 at 9:00 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, February 18 at 9:00 a.m. in Room 423 of the Legislative Office Building. Seven Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Mitchell, Baker, Carpenter, Fox, Hall, Owens, Tolson, Allen, Culp, Wilson, and Weatherly were present.

Senator Martin called the meeting to order. Ms. Mona Moon, Fiscal Staff, briefed the subcommittee on environmental and natural resource related trust fund. These are Attachments A and B of these minutes. She highlighted technical aspects of the various funds and raised two issues for the subcommittee to consider during the presentations: (1) ongoing evaluation by the General Assembly of these trust funds, which are considered "off-budget", and (2) the impact of trust fund activities on the operating budgets of state agencies. The following programs reported to NER:

- **Clean Water Management Trust Fund**

Mr. David McNaught, Executive Director, presented information on the Clean Water Management Trust Fund (CWMTF). These are Attachments C, D,E, F, and G of these minutes. Established in 1996, the CWMTF receives 6.5% of the unreserved credit balance to assist in the preservation of the state's surface waters and creation of a system of buffers and greenways for educational, environmental, and recreational benefits. For fiscal year 1996-97, \$40 million was credited to the fund; in fiscal year 1997-98, \$49 million. Mr. McNaught reviewed the grant evaluation guidelines, staffing structure, and provided information on the 49 projects approved from the fund thus far.

- **Wetland Restoration Fund**

Mr. Ron Ferrell, Wetlands Program Manager in the Division of Water Quality, reported on the Wetlands Restoration Program and Fund. Created by

the legislature in the 1996 Session, this non-regulatory program promotes the restoration of wetlands, streams, and riparian areas throughout the state. Mr. Ferrell noted that between 1/3 to 1/2 of the state's original wetland acreage has been lost, and the state has a history of draining wetlands for other development purposes. He reviewed the compensatory mitigation process, including permits needed and the schedule of fees. These are Attachments H and I of these minutes.

- **Parks and Recreation Trust Fund and Natural Heritage Trust Fund**

Mr. Phil McKnelly, Director of the Division of Parks and Recreation, provided an overview of both the Parks and Recreation Trust Fund and Natural Heritage Trust Fund. The General Assembly created the PARTF in 1994, and in 1996 earmarked a portion of the deed stamp tax as a dedicated source of revenue to support fund activities. Mr. McKnelly reviewed the governing board's authority, administrative costs, and the evaluation process through which requests are considered. These are Attachments J and K of these minutes.

The Natural Heritage Trust Fund dates back to 1987 when the General Assembly enacted legislation to create a supplemental funding source for state agencies to acquire and protect natural areas and to conduct inventories on natural heritage areas. The NHTF now receives a portion of the deed stamp tax, proceeds from the sale of personalized and out-of-state college license plates, and interest income to support its activities. Only the Departments of agriculture and Consumer Services, Cultural Resources, Environment and Natural Resources, and the Wildlife Resources commission are eligible to apply for funds. There are no statutorily directed funding allocations, and no matching funds required of successful applicants. First priority is given to areas with outstanding natural or cultural heritage significance. The NHTF awarded approximately \$6 million in fiscal year 1996-97 in grants. These are Attachments L and M of these minutes.

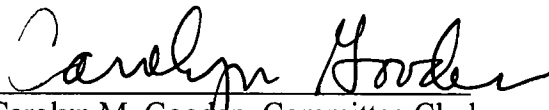
Mr. Mark Trogon, Fiscal Staff, provided a focus paper to the subcommittee which summarized the performance/program budget concept by highlighting similarities and differences to the current budgeting process used by the General Assembly. Mr. Trogon highlighted the House and Senate Appropriations chairs request that the appropriations subcommittees provide feedback on the performance/program budgeting concept and he suggested issues for the subcommittee to consider in their deliberations. This is Attachment N of these minutes.

Mr. John Dorman, Deputy Director of the Office of State Planning, presented an overview of the state's performance/program budget, indicating that North Carolina was considered a leader in this type of budgeting. He explained the catalyst for the P/PB was

the budget shortfall of the 1989-91 biennium. As a result, the legislature created the Governmental Performance Audit committee (GPAC) to study how to make state government more effective and efficient. GPAC recommended the implementation of a statewide planning process which involved performance-based budgeting, leading up to the comprehensive review of all state programs. This is Attachment O of these minutes.

Mr. David Herlong, Planning Analyst, provided examples of the concept in the areas of forest resources and Solid Waste Management. Subcommittee members asked numerous questions regarding the development of objectives and measures, and were encouraged by Dorman to provide feedback to the NER divisions on what information is most effective in assisting with budget deliberations. Some members expressed skepticism over the P/PB document as a whole.

The meeting adjourned at 3:00 p.m.


Carolyn M. Gooden, Committee Clerk


Senator R.L. "Bob" Martin, Chairman

Briefing Summary
Appropriations Subcommittee on Natural and Economic Resources
February 18, 1998

Agenda Item

Environmental and Natural Resource Related Trust Funds

Programs

Clean Water Management Trust Fund

Parks and Recreation Trust Fund

Division of Parks and Recreation

Wetlands Restoration Fund

Division of Water Quality

Natural Heritage Trust Fund

Division of Parks and Recreation

Background Information

The purpose of this agenda item is to discuss several environmental and natural resource related trust funds. In preparation for this meeting, each program was asked to provide the following information as a component of their presentation to the subcommittee:

- ◆ **General Program Description** - types of projects funded, any set/predetermined funding allocations (pursuant to General Statutes or as directed by governing authority/agency through rules or other guidelines), who is eligible to apply, matching requirements.
- ◆ **Overview of the Responsibility of the Fund's Governing Board/Authority** - i.e. how are they appointed, length of term, statutory responsibilities. Within their statutory responsibilities, the governing bodies have responsibilities to determine priorities. Describe the process the board uses to set goals or priorities on how funds are allocated. Explain the application process (i.e. how do they review and approve projects?).

For the Wetlands Restoration Program, explain the purpose of the basinwide restoration plans, how they are being developed, and how the Department intends to use them to prioritize mitigation projects and allocate funds. Explain the development of the fee schedule, and how parties subject to mitigation make payments to the fund (i.e. explain the process).

- ◆ **Program Administration and Budget** - Provide the number of staff and a total operating budget for each fund. Explain responsibilities for individual staff members. Are any administrative responsibilities contracted out? If so, please identify.
- ◆ **Project Evaluation** - How does the governing body/agency evaluate projects funded to determine performance? How does the governing body/agency use this information?
- ◆ **Funding History**- Since inception, present by fiscal year the amount credited to each fund by source (general fund appropriation, tax, proceeds from special license plate sales, interest income, credit balance earmarking, or other) and, if applicable, the portion used for administration.
- ◆ **List of Projects Funded** - Provide a list and brief description of projects funded for the 1996-97 fiscal year, and any awards for the 1997-98 fiscal year through January 31, 1998.

Issues Associated with Environmental and Natural Resource Related Trust Funds

1. Evaluation of Environmental and Natural Resource Related Trust Funds

These special trust funds are considered to be "off-budget," in the sense that the Governor does not include them in his recommended continuation budget each biennium. As such, these funds are not currently included in the performance budget documents. Although reports to various legislative committees are required for each of these funds at least annually, there is no other formal legislative mechanism in place to evaluate the performance of these programs.

2. Impact of Trust Fund Activities on the Operating Budgets of State Agencies

State agencies are eligible for awards from the Clean Water Management Trust Fund, the Parks and Recreation Trust Fund and the Natural Heritage Trust Fund. The Division of Water Quality is responsible for implementing basinwide restoration plans through the use of the Wetlands Restoration Fund.

These trust funds provide a mechanism for state agencies to acquire additional state park acreage, gamelands, wetlands or degraded lands for restoration, to complete capital improvements or repair/renovation projects, to develop trail systems, recreational greenways or natural areas, and to develop and experiment with new programs as a means of carrying out their statutory responsibilities and programmatic purposes. However, these funds do not provide an on-going source of funding to operate and maintain these lands, facilities and programs.

Summary of Environmental and Natural Resource Related Trust Funds

Clean Water Management Trust Fund		Wetlands Restoration Fund		Parks and Recreation Trust Fund		Natural Heritage Trust Fund	
<ul style="list-style-type: none">Created - 1996Purpose - To preserve, protect and improve the state's surface waters and to establish riparian buffers and greenways for environmental, educational and recreational benefits.Source of Funding - 6.5% of the year-end General Fund credit balance [G.S. 143-15.3B]; investment earnings [G.S. 113-145.3(b)]Statutory Authority - G.S. 113-145.1 through G.S. 113-145.8Governance - Eighteen member Board of Trustees appointed by the Governor and the General Assembly upon recommendation by the President Pro Tempore of the Senate and the Speaker of the House of Representatives; Advisory Council [G.S. 113-145.8]Allocation of Funds - Funds may be used to:<ol style="list-style-type: none">acquire conservation easements and land for riparian buffersrepair failing wastewater treatment systems, septic tank systems and eliminate illegal drainage connectionscoordinate with other public programs with similar purposerestore previously degraded landsimprove stormwater control and management practicesfacilitate pollution reduction planning effortsAdministrative Costs - May use up to 2% of the trust fund balance as of July 1, not to exceed \$850,000 for administrative and operating costs.Reporting Requirement - Annually by November 1st and quarterly to Gov Ops, ERC, NER and FRD		<ul style="list-style-type: none">Created - 1996Purpose - To provide for the acquisition, maintenance, restoration, enhancement and creation of wetlands and riparian resources throughout the state to improve and protect water quality.Source of Funding - \$9.2 million, one-time transfer from the Clean Water Management Trust Fund; investment earnings [G.S. 143-214.12(a)]; payments in lieu of compensatory mitigation [G.S. 143-214.12(b)]Statutory Authority - G.S. 143-214.8 through G.S. 143-214.13Governance - Administered by the Division of Water Quality, Department of Environment and Natural ResourcesAllocation of Funds - Funds may be used only for activities that directly contribute to the acquisition, restoration and maintenance of wetlands and riparian areas for the purpose of implementing the basinwide restoration plans required in G.S. 143-214.10.Administrative Costs - Continuation budget for the Division of Water Quality includes a General Fund appropriation for the Wetlands Restoration Program staff.Reporting Requirement - Annually by November 1st to ERC, FRD		<ul style="list-style-type: none">Created - 1994Purpose - To fund improvements in the North Carolina State Parks System, provide assistance to local governments with recreation projects, and support for the Public Beach and Coastal Waterfront Access Program.Source of Funding - Excise stamp tax on real estate transactions [G.S. 105-228.30]Statutory Authority - G.S. 113-44.15, G.S. 143B-313.1 through G.S. 143B-313.2Governing Authority - Eleven member Authority appointed by the Governor and the General Assembly upon recommendation by the President Pro Tempore of the Senate and the Speaker of the House of Representatives.Allocation of Funds - Set by statute:<ul style="list-style-type: none">65% for land acquisition, capital projects, repairs, and renovations at State Parks;30% for a local government matching grants program for local parks and recreation purposes;5% for the Public Beach and Coastal Waterfront Access Program in the Division of Coastal Management.Administrative Costs: Not more than 3% of the moneys credited to the PARTF may be used by DENR for operating expenses associated with the program.Reporting Requirement - Annually to Gov Ops, House and Senate Appropriations, FRD		<ul style="list-style-type: none">Created - 1987Purpose - To serve as a supplemental funding source for state agencies to acquire and protect natural areas and to conduct inventories on natural heritage areas.Source of Funding - Excise stamp tax on real estate transactions [G.S. 105-228.30]; fees from special registration plates [G.S. 20-79.7(b)]; investment earnings [G.S. 113-77.7(b)]Statutory Authority - G.S.113-77.6 through G.S.113-77.9Governing Authority - Nine member Board of Trustees appointed by the Governor and the General Assembly upon recommendation by the President Pro Tempore of the Senate and the Speaker of the House of Representatives.Allocation of Funds - Expenditures are authorized for the following purposes:<ol style="list-style-type: none">acquisition of land that represents the ecological diversity of the stateacquisition of land as additions to the system of parks, State trails, forests, fish and wildlife management areas, wild and scenic rivers, and natural areasacquisition of land that contributes to the development of a state program of historic propertiesto pay for the inventory of natural areas conducted under the Natural Heritage Program (of DENR).Administrative Costs - Continuation budget for the Division of Parks and Recreation includes a General Fund appropriation for the Natural Heritage Program, which provides staff for the trust fund.Reporting Requirement - Annually to the Governor and the General Assembly	

**CLEAN WATER MANAGEMENT TRUST FUND
PROGRESS REPORT: November 1, 1997**

The Clean Water Management Trust Fund (CWMTF) was established by the North Carolina General Assembly in 1996 (Article 13A; Chapter 113 of the North Carolina General Statutes). At the end of each fiscal year, 6.5% of the unreserved credit balance in North Carolina's General Fund (or a minimum \$30 million) will go into the CWMTF; that amounted to more than \$47.1 million in first year monies, and an additional \$49.4 million for 1997-98. The potential for this initiative is immense; CWMTF Trustees and staff appreciate the enormity of both the opportunities and the obligations associated with this task.

Revenues from the CWMTF will be allocated to help finance projects that specifically address water pollution problems. The CWMTF is dedicated to the enhancement and preservation of surface water quality throughout North Carolina; in this, its prime directive, the enabling legislation is unambiguous. CWMTF will fund projects that (1) enhance or restore degraded waters, (2) protect unpolluted water, and/or (3) contribute toward a network of riparian buffers and greenways for environmental, educational, and recreational benefits.

Nonetheless, there remains considerable latitude regarding the specific policies, processes and structures that will guide the allocations of the Fund. The 18 member, independent CWMTF Board of Trustees --- appointed by the Governor, President Pro Tem of the Senate, and Speaker of the House --- has full discretion and responsibility over the allocation of moneys from the Fund as grants. Joseph M. Hester, Jr., an attorney from Rocky Mount, was appointed Chair of the Trustees by the Governor in December 1996; Mr. Hester convened the initial meeting of the Trustees on January 21, 1997.

At the January meeting, the Trustees established some procedural guidelines and a nominal committee structure. A Personnel Committee was charged to recruit an Executive Director for the Fund. The Personnel Committee did its work efficiently, returning to the full Board on March 26, with a recommended candidate. At the March meeting, the Trustees approved the employment of Dr. David McNaught to the position of Executive Director. Dr. McNaught was employed and began service on April 1. The Trustees also established two standing committees: a Criteria Committee and an Internal Procedures Committee.

The Trustees made remarkable progress during the next few months. The committees worked aggressively through the month of April in preparation for a 2-day retreat late that month. At the retreat, the Trustees approved a very lean, but efficient staffing structure for the Fund, and charged the Executive Director to coordinate with the DEHNR Personnel Office to establish and recruit for the appropriate positions. In addition to the Executive Director position, the staffing plan called for a Staff Scientist/Technical Advisor, a Chief Business/Fiscal Officer, one Secretary and three Field Representatives to assure a statewide presence and an effective system for delivery of the Trust Fund's services.

The Trustees also approved a grant application process, application form, and provisional criteria for application evaluation (see attachment). Because the Trustees did not wish to preclude application by any eligible party for any project that might be consistent with the Statute, their provisional criteria directly reflect the enabling legislation. The Trustees had been directed to consider various uses for which the funds could be allocated; there was no prioritization established among these various uses.

The significant water quality problems in North Carolina rivers during recent years had precipitated considerable public concern; establishment of the CWMTF in 1996 was perhaps the state's most progressive and positive response to those concerns. Therefore, the Trustees felt it imperative that we establish the meaningful presence of the Fund as swiftly as possible. Hence, on May 2, the Trustees formally announced that applications made to the Trust Fund prior to July 2, 1997 would be considered for funding in the program's initial cycle. This assured that the Fund could announce some positive programs by late summer. (Applications received between July 2 and December 1, 1997 would be considered as a second cycle. From that time forward, the Trust Fund would have two funding cycles per year, with closing dates of the first of June, and the first of December in each year).

Despite the initial cycle's very brief two-month window for application, CWMTF received 141 grant proposals, requesting a total of more than \$160 million. Applications were submitted by all types of eligible applicants, from all regions of the state, and for a wide diversity of specific purposes (purposes which had been anticipated in the enabling legislation). Some applications addressed opportunities to protect very high quality waters, which as yet had not experienced significant degradation, while other proposals were designed to clean up existing problems.

After \$9.2 million was set aside (as the Statute directed) for the funding of the Wetlands Restoration Fund, the Trustees had approximately \$39.5 million of the first year revenues available for allocation to grantees. On July 5, the staff and Trustees began the exhaustive process of evaluating 141 applications. The Trustees have faithfully applied their criteria throughout the evaluation process.

While each of the 141 applications was reviewed independently by staff and Trustees, staff was directed to establish a manageable agenda of projects for late July. Staff selected those projects, which the Executive Director felt offered the greatest promise for water quality restoration or protection. In late July the staff and Trustees spent two days in a project-by-project evaluation of 29 applications.

Recognizing the urgent problems in our state's rivers and the public's growing demand for immediate actions, the Trustees announced tentative approval of 13 projects. The remaining projects on the agenda were deferred; none of the projects was rejected at this date.

In order to fully review and evaluate the remainder of the 141 projects, the Trustees committed to monthly two-day meetings during August, September and October. In an effort to keep the public apprised about CWMTF efforts, approved projects were announced at the close of each meeting. Thirteen projects had been approved at the July meeting; eleven were approved at the August meeting; eleven were approved at the September meeting; and five were approved at our

most recent meeting, October 19/20. These tentative approvals are subject to staff's development of appropriate contracts to assure that the projects are as the Trustees have envisioned them and will likely achieve the water quality benefits that have been implied in the applications. After four months in full review of the 141 applications, the Trustees have now made final decisions to approve, defer for further information, or reject each of the proposals in the initial cycle.

CWMTF Trustees have approved forty applications for funding. The total CWMTF revenues going to these projects is \$29,652,744; the total cost of these projects will be approximately \$63 million. In addition, the Trustees have identified 19 applications, which seemed to hold significant potential, but about which they need further information. These applications have been deferred and will be reassessed at our meeting in January. The remainder of the applications in the initial cycle have been rejected. In general, the Trustees have rejected proposals, which did not, as proposed, provide sufficient promise to support the objectives of the CWMTF Act.

Each of the 141 applicants has been apprised of the actions taken by the Trustees. Applicants receiving letters of rejection have been encouraged to continue to develop creative ways to restore or protect water quality, and to reapply in future cycles. Staff will interact with applicants whose projects were deferred in preparation for final review in January. Finally, staff is in the process of developing formal contracts to govern allocations for each of the approved projects.

As noted, the approved projects will cost \$29,652,744. Therefore, approximately \$59,000,000 is currently available to fund other good projects, from among the deferred projects, and those, which will be submitted in future funding cycles. The Trustees anticipate a steady increase in both the number and quality of applications submitted in future cycles. As local communities become more familiar with the challenges and opportunities for water quality protection, we believe that proposals will assure greater and greater benefits to North Carolina's surface waters.

Applications approved for funding in the initial cycle were for projects in six basic categories.

CLEAN WATER MANAGEMENT TRUST FUND PROGRESS REPORT: February 1, 1998.

The Clean Water Management Trust Fund (CWMTF) last reported to the Environmental Review Commission (Commission) on November 1, 1997. At that time, we apprised you of the development of CWMTF structure, and of the results of our review of 141 applications in the initial funding cycle. Forty of the 141 applications in the initial cycle had been approved for funding, 82 applications had been denied, and 19 applications had been deferred for further consideration in January.

In November, members of the Commission raised questions in regard to several of the specific projects that had been approved or rejected. One of the questions a Commission member had raised at our November interaction regarded the approval of funding for the purchase of Turkey Quarter Island in the Neuse River watershed. Given the questions regarding the likelihood of potential timbering of the property, the Trustees reconsidered this project at their November meeting. Further investigation, including property evaluations of both short and long term potentials for timbering, by three independent forestry consultants, revealed that although the property would not likely be "clear cut" immediately, there was a reasonable expectation that the property could be substantially timbered at some future date. Siting the location, water quality values of preservation, additional wildlife and natural heritage values and the relatively inexpensive cost, staff recommended that the acquisition be approved. After careful consideration, the Trustees re-approved the project.

During the month of November, CWMTF staff and Trustees focused on the refinement of application materials and procedures, in anticipation for future funding cycles. CWMTF also initiated DENR exploration of the Conservation Reserve Enhancement Program (CREP). CREP is the USDA program that was established in Maryland with \$200 million of federal funds matching approximately \$50 million of state funds for the acquisition of riparian buffer properties to protect water quality. North Carolina will soon submit one or more proposals for similar programs, and CWMTF will likely be a principal source of funds for our state match. DENR's Division of Soil and Water Conservation is coordinating the development of North Carolina's proposal(s).

Staff was also occupied with developing contracts to ensure that each approved project would be completed in a manner that was fully responsible – technically, fiscally, and ethically. Given the variety of project and applicant types, this has proven a difficult task. Nonetheless, staff has developed contracts for each of the initially approved projects; it is our ambition that these contracts will be executed and the projects well underway by our next meeting with the Commission in May. Several projects have been begun; and two acquisition projects are virtually completed.

CWMTF reconsidered the 19 deferred projects from the initial cycle at its meeting in January. In addition, one project which had been initially denied, but which did offer some significant merit and was especially time-sensitive, was reconsidered at the January meeting. Of the twenty projects reviewed in January, ten projects were denied funding; and eight projects were approved for funding. There were lingering questions relating to two of these projects, so they have been deferred one more month. We believe that a final action on those two projects will be taken in February; thus, concluding action on each of the 141 applications in the initial cycle.

The eight projects that have been approved since our November meeting are included in the attached tables. In the mountain community of Waynesville, CWMTF awarded a grant of \$500,000 to assist in the conservation of the final parcels of undeveloped land in the town's water supply watershed. In the Piedmont town of Stovall where 85% of the residences are plagued by failing septic tanks, CWMTF provided a grant of \$800,000 as the final piece of funding necessary to establish a land applied, wastewater treatment facility. In a coastal estuary of Bogue Sound where closed shellfish waters are becoming more the rule than the exception, a CWMTF grant of \$200,000 should assist in implementing stormwater management system to restore previously closed shellfish waters. CWMTF also approved awards of \$425,000 to the town of Grimesland where failing waste management systems were adding to the nutrient impaired waters of the Tar-Pamlico, \$250,000 towards the acquisition of property in the impressive greenway program of Asheville, \$470 thousand for an statewide assessment and planning program targeting priority watersheds for restoration and preservation, \$1.042 million to the Orange Water and Sewer Authority to acquire critical streamside buffers to the creeks in the Cane Creek watershed, and \$70,000 for a planning initiative in the upper Cape Fear watershed.

Since 1996, the Legislature has funded CWMTF at approximately \$90 million. To date, CWMTF has approved 48 grants for a total of \$33,410,238. The total cost of the 48 projects will be approximately \$76,388,239. CWMTF has a current balance of \$58,324,949 available for grants.

The closing date for the second funding cycle was December 1, 1997. During the next three months, CWMTF will review these 93 applications, which request a total of approximately \$105 million. Applications made to CWMTF after December 1, 1997 and prior to June 1, 1998 will be reviewed as a third funding cycle this summer.

CLEAN WATER MANAGEMENT TRUST FUND (CWMTF) GRANTS GRANT EVALUATION GUIDELINES

The following evaluation system will be used by the CWMTF in its review of applications submitted during the third cycle (December 2, 1997 - June 1, 1998).

A. Eligible applicants for CWMTF grants.

(a) Any of the following are eligible to receive a grant from CWMTF for the purpose of protecting or enhancing water quality:

1. A State agency
2. A local government or other political subdivision of the state or a combination of such entities.
3. A nonprofit corporation whose primary purpose is the conservation, preservation and restoration of our State's environmental and natural resources.

(b) No match is required; however, Trustees may choose to fund projects at less than 100% of the application request.

B. CWMTF purposes:

(a) Grant monies from CWMTF may be used for any of the following purposes:

Acquire land for riparian buffers for environmental protection for surface waters or urban drinking water supplies, or for establishing a network of greenways for environmental, educational or recreational uses.

Acquire easements in order to protect surface waters or urban drinking water supplies.

Coordinate with other public programs involved with lands adjoining water bodies to gain the most public benefit while protecting and improving water quality.

Restore degraded lands for their ability to protect water quality.

Repair failing waste treatment systems: if (i) an application to the Clean water Revolving Loan and Grant Fund has been submitted and denied in the latest review cycle; (ii) repair is for a reasonable remedy to an existing waste treatment problem; and (iii) the repair is not for the purpose of expanding the system to accommodate future anticipated growth of a community. Priority shall be given to economically distressed units of local government.

Repair/eliminate failing septic tank systems, to eliminate illegal drainage connections, and to expand waste treatment systems if the system is being expanded as a remedy to eliminate failing septic tank systems or illegal drainage connections. Priority shall be given to economically distressed units of local government.

Improve stormwater controls and management

Facilitate planning that targets reductions in surface water pollution.

C. CWMTF Objectives and grant application evaluation and prioritization.

- (a) Grant applications will be quantitatively evaluated upon their contribution toward achieving the principal objectives of the fund: (1) restoration of degraded waters, (2) protection of unpolluted waters, and (3) establishment of riparian buffers. A numeric scoring system will guide the Board and the applicants in prioritizing prospects for funding. The following evaluation and scoring system will be applied to all applications:

1 -- Principal Objectives	Point Range
a -- Restoration of degraded waters	0-45

(Explanation: Restoration projects will target specific waters that have been identified by NC-DWQ as impaired; preferred projects will (1) reduce the pollutant identified as the cause of water quality impairment, (2) restore wetland functions, (3) improve aquatic habitat, and /or (4) restore flood plain functions adjacent to impaired waters).

OR

b -- Protection of unpolluted waters

(Explanation: Protection projects will target specific waters that have not been identified by NC-DWQ as impaired; preferred projects will (1) restore or maintain the natural hydrologic flow patterns or other water quality enhancing functions of adjacent lands (e.g. nutrient reduction processes), (2) maintain streambank stabilization reducing potential for sediment erosion, and/or (3) avoid, reduce or eliminate discharge of pollutants).

AND/OR

c -- Establishment of riparian buffers	0-10
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2-- Additional priorities	Point Range
a-- Consistency with NC-DWQ Basinwide Management Plan	0-20

(Explanation: In the event that the plan for the subject basin has not been formally adopted, the project should be articulated with reference to the current DWQ draft plan for that basin). Preferred proposals will identify the waters that will be enhanced, restored, or protected by said project. Specific attention should be paid to (1) restoration of waters not meeting use standards as noted on the 303 (d) list, or (2) protection of significant resource waters (e.g. ORWs, Trout Waters, HQWs, PNAs, Critical Habitats for endangered aquatic species, Water Supply watershed). Proposals should demonstrate integration with other water quality programs or strategies in the sub-basin).

b-- Provide measurable/enduring outcomes	0-20
c-- Provide other resources	0-20

d-- Applicant's qualifications

0-10

(Explanation: Preferred applicants will demonstrate: (1) their ability to ensure any long time management required by the project, (2) fiduciary responsibility, (3) likelihood of success for project), and (4) commitment to the project. If the applicant has received previous CWMTF grants, their performance on those projects will be considered.

e-- Develop riparian buffer greenways
serving environmental, educational or
recreational uses.

0-10

f-- Target environmentally sensitive
waters, including (1) high quality
waters (e.g. water supply, ORWs, HQWs etc.),
or (2) severely degraded waters (e.g.
waters noted on DWQ's 303 (d) list)

0-10

g-- Contribute toward integrated ecological
network.

0-5

h-- Employ innovative procedures or techno.

0-5

i-- Provide public education uses

0-5

j-- Preserve waters having special economic
or recreational uses.

0-5

(b) The Board will also be guided by the following non-quantitative criteria in making final funding decisions:

1-- Applications for projects which are mandated by legislation or regulation may be funded but are not preferred. The CWMTF is not available for compensatory mitigation projects.

2-- Projects eligible for funds from other state or federal grant programs will be considered, but will not be preferred unless significant matching resources are provided.

3-- To the extent practicable, grant awards will be distributed geographically across the state. At least 20% of annual allocations will be targeted to each of three geographic regions of the state: mountain, piedmont and coastal.

4-- The scope and benefits of the project will be evaluated relative to the amount of the requested grant.

5-- The Board may award grants on a limited basis for (1) projects which facilitate planning that targets reduction in surface water pollution or protection of unpolluted waters; or (2) coordination with other public programs to gain the most public benefit while protecting and improving water quality; even though such applications may not score well on our measures of quantitative criteria above.

6-- The Board may award grants to applicants for projects which the Board finds are uniquely different than the quantitative criteria anticipate and are exceptional opportunities for restoration or preservation.

Report of Criteria Committee

The task of the Criteria Committee - to develop criteria to guide the grantmaking activities of the Clean Water Management Trust Fund ("the Fund") - has proved to be a challenging one, given 1) the broad language outlining the purposes of the Fund in Article 13A of the General Statutes ("the Statute"); 2) the diverse, complex, and often uncertain nature of the causes of water pollution, degradation and threats to water quality across the state; and 3) the variety of conceivable, potential solutions which may be proposed. In considering criteria to recommend, the Committee has sought and received suggestions, input, and feedback from representatives of environmental, agricultural, and municipal interests as well as State water quality personnel, members of the advisory panel, and legal advice from the Attorney General's office. The Committee has reviewed materials relating to criteria and application procedures for other grant programs such as the Parks and Recreation Trust Fund, the North Carolina Nonpoint Source Management Program, the Natural Heritage Trust Fund, and others.

Legislative Intent

The intent of the Committee is that its criteria be consistent with the legislative language and the legislative intent of the enabling Statute. The Committee's efforts have been guided by the language of the Statute and by the Committee's understanding of its intent. Wherever any of the Committee's recommended guidelines would appear to conflict with the Statute, the language of the Statute shall be controlling.

Guidelines, Not Rules

The Committee carefully considered whether it should recommend adoption of formal rules to govern the application, evaluation, and selection process. Given the Committee's sense that the evaluation and selection process will need to evolve as more information and understanding become available to the Board, the Committee is instead recommending that the Fund's criteria and processes be in the form of guidelines. Consequently, it is recommended that the Board consider all applications meeting the criteria set forth in the statute and that the guidelines as outlined in this report and as embodied in the quantitative scoring criteria which are attached serve to inform potential applicants as to how the Board expects to be guided in deciding among alternative proposals to be funded. Given the broad range of alternatives the Board is authorized to fund and the current uncertainties as to the types of applications which will be received, the Committee anticipates that the guidelines and the scoring system will evolve over time.

Use of Terms

The Committee's guidelines contain certain terms such as "use", "support", "impaired", and "mandate" which may have specialized and limiting or limited meanings

greenways, providing secondary economic benefits may also be attractive. The principle of efficiency may also be considered from the point of view of timing. For example, a relatively small expenditure for riparian buffers, planning, or other protection measures today might avoid large expenditures at a future time.

The Committee believes the guidelines should favor projects for which there are not other alternative sources of funds. In general, funding should not be provided for required projects for which other sources of funds are available and which will have to be accomplished in any event. In this light, the Committee has carefully considered whether funds should be made available for "mandated" projects. The initial hypothesis was that funds should not be granted for such mandated projects. However, input received from agricultural and municipal interests suggested that there are a number of high priority "mandates" for which available funds are totally inadequate. Further, these interests felt that funding of such projects was consistent with the intent of the legislature as evidenced by the discussion and debate preceding the passage of the Statute. The Committee therefore recommends that such "mandated" projects be considered on a case by case basis, taking into account, however, the extent of funds available from other sources.

Innovative projects should be encouraged. Projects "reinventing the wheel" would represent an inefficient use of funds. However, projects using "tried and true" technology or methods may sometimes represent the most efficient use of funds.

Projects to benefit persons or entities who have willfully or negligently violated existing laws or regulations should not be eligible for funding.

Measurable Results

Applications for funding should address expected outcomes from the proposed projects and how to measure whether predicted results or benefits are achieved. The criteria should encourage projects with measurable impacts. A mechanism for follow-up and reporting should be established. Some kinds of proposals will more easily lend themselves to measured results than others. For example, acquisition or restoration of lands and riparian buffers can be measured in terms of acres or miles of frontage. The number of septic tanks eliminated may be counted. But for projects aimed at reducing pollution, quantifying results may be more difficult.

Qualifications of Applicants

The Statute enumerates entities eligible for CWMTF grants. The Committee believes that the qualifications of eligible applicants should also be an important factor in the evaluation process. Demonstrated fiscal responsibility, management ability, track record, and prospects for future stability should be rewarded by the evaluation process. An applicant's record in dealing with other grants from other sources may provide useful information. On the other hand, the guidelines and process should not exclude worthwhile projects sponsored by new entities nor reward mere sophistication in grantsmanship.

Eligible Projects

The Statute also enumerates a number of different kinds of projects as being eligible for funding. The inclusion of these various kinds of projects indicates that the criteria in the guidelines should be designed in such a way that each kind of project will have an opportunity to qualify for funding. The Committee believes this may require different criteria for different kinds of projects. For example, it is anticipated that land acquisition and planning projects will have to be evaluated using different criteria from those applied to pollution control projects.

As between projects designed to clean up polluted waters and projects designed to protect clean waters, the Committee reached no agreement as to whether either should be favored over the other. Each alternative had supporters. The consensus was that both kinds of projects should receive strong consideration.

The Committee's initial conclusion is that, in general, point sources of pollution lend themselves to regulatory solutions and are being dealt with through regulatory means. Nonpoint sources of pollution therefore appear to offer the greatest potential opportunities for funding.

The Committee received a recommendation that it designate at least 85% of the Fund's grants for restoration, preservation, and planning projects and that no more than 10% be allocated to water supply, wastewater treatment, and stormwater drainage systems. While such a prioritization was not wholly inconsistent with the general consensus of its members as to priorities, the Committee does not initially recommend such limitations.

Geographic Distribution

Input to the Committee from the Division of Water Quality and others indicates that water quality problems are evident in each river basin and across the State. It would be possible to create a formula to allocate funds among the various river basins based upon any number of criteria including miles of impaired waters, percentage of impaired waters to total waters, or population impacted. The Committee believes that allocating funds strictly on such a basis would result in reduced efficiency in the use of funds and create an inability to allocate funds to areas where the needs or the potential to correct problems are the greatest.

Nevertheless, in order to insure that the problems impacting different areas of the State receive some level of attention, the Committee recommends dividing the State into three regions - coastal, piedmont, and mountain - and, to the extent practicable, seeking to allocate funds so that projects from each of these regions receive at least 20% of the total level of funding during any given cycle.

in certain contexts. The Committee intends that its use of these terms be construed broadly, encompassing additional meanings included in the common usage of such terms. For example, a body of water may be fully supporting its uses in a technical sense and yet still be impaired, within the common sense meaning of that term, if certain kinds of fish or shellfish may not be harvested or eaten. An imminent threat might also be considered as constituting an impairment. The Committee suggests that applicants construe the terms used in its guidelines in as broad a sense as is otherwise consistent with the guidelines.

Objectivity

Ideally a set of wholly objective criteria could be developed which would make the application and granting process completely transparent and predictable and relatively easy to administer. Such a system would assign points or scores for desirable criteria and for expected outcomes associated with various enumerated problems, conditions or processes, leading to a quantitative ranking of applications. There was considerable debate within the Committee as to whether a wholly objective scoring system would ever be possible, but it is a goal to be worked toward. The Committee has attempted to begin the process of developing such a ranking system; however, given the complexity of the problems to be addressed and the number of potential solutions, the Committee recognizes that significant modifications are likely to occur as each round of applications is reviewed and evaluated. During the review of the initial round of applications, both the criteria and the recommended scoring system should be evaluated together with the applications which are submitted to the Board. The Committee recommends that similar evaluation and correction as necessary be accomplished at the conclusion of each funding cycle.

Efficiency

The Committee believes that CWMTF funds should be used as efficiently as possible. This principle may be understood in a number of senses. The guidelines should favor projects which deliver the most "bang for the buck" and those which provide the greatest benefit to the greatest number of persons. Projects which are consistent with other efforts such as basinwide plans and other local or regional planning efforts and which have the support of significant segments of their communities are more likely to result in the efficient use of funds and therefore should be favored. Duplicating the funding or the work of others engaged in water quality initiatives should be discouraged. However, efficiency may be achieved by leveraging funds through matching grants or awards which foster partnerships.

The Committee believes that projects which provide permanent benefits should generally be favored over those whose benefits are only temporary. Projects which have other benefits, such as providing recreational uses or enhanced citizen awareness of water quality issues, may be favored over those without such benefits. Projects, such as

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CWMTF STAFFING STRUCTURE

BOARD OF TRUSTEES

Executive Director

Administrative Secretary

Senior Scientist

Chief Business Officer

Western Field Rep.

Central Field Rep.

Eastern Field Rep.

**Job Description
Chief Administrative Officer
Clean Water Trust Fund**

I. GENERAL INFORMATION

A. General Description of the Organization

The Clean Water Management Trust Fund (CWMTF) was established by the North Carolina General Assembly in 1996 to finance projects that are designed to clean up pollution in the state's surface waters and to protect and conserve those waters that are not yet polluted. The intent of the legislation is long-term water quality protection. The General Assembly also foresees benefit to drinking water supplies and wildlife and marine fisheries habitats as a result of these projects.

Under the terms of the enabling legislation, at the end of each fiscal year 6.5% of the unreserved credit balance in North Carolina's General Fund will go into the Trust Fund (\$47.1 million in first year moneys.) Moneys from the Fund shall be allocated to projects that (1) enhance or restore degraded waters; (2) protect unpolluted waters, and/or (3) contribute toward a network of riparian buffers and greenways for environmental, educational, and recreational benefits.

For State administrative purposes CWMTF is conceptually housed in the Department of Environment, Health and Natural Resources; however, the function of the Fund is directed by an independent Board of Trustees. The 18-member CWMTF Board of Trustees - appointed by the Governor, President Pro Tem of the Senate, and the Speaker of the House - have full discretion and responsibility for the allocation of grant awards from the Fund. The Trustees will work with the Executive Director and other staff in the gradual and incremental development of objectives and criteria for allocating funds. One of the Trust Fund's goals in selecting projects is to encourage innovative, integrated, complementary, community-wide and incentive-based strategies to protect watersheds. Funded activities may include land acquisition, acquisition of conservation easements, restoration of degraded lands and repair of failing wastewater treatment/stormwater/septic systems, among others.

B. Primary Purpose of the Position

This employee will be the Chief Administrative Officer (CAO) of the Clean Water Management Trust Fund. Under the direction of the Executive Director, the CAO will be responsible for managing all grant contracts and supervising day to day office operations including fiscal and budgetary matters and personnel administration.

C. Work Schedule

Position will generally work a 40-hour week; however, overtime will be expected during critical periods. Some weekend and evening work will be expected.

D. Change in the Position or Organization

This is a new position required by the creation of the Trust Fund.

II. DUTIES AND RESPONSIBILITIES & OTHER POSITION CHARACTERISTICS

A. Duties and Responsibilities

40% 1. Grants Management

The CAO will develop, implement and manage the Trust Fund's grants/contracts system. The Fund will award a large number and variety of grants according to the Fund's mandate to finance projects. (According to the enabling legislation, the Trust Fund will receive 6.5% of any unreserved credit balance remaining in the General Fund at the end of each fiscal year - \$47.1 million in first year moneys. The established limit on operating and administrative expenses is no more than 2% of the annual balance of the Fund on July 1 or a total sum of \$850,000, whichever is less. The balance in the Trust Fund is to be used for program grants.)

The CAO will develop the Trust Fund's grants procedures, including administrative and fiscal standards, and will maintain that procedure and appropriate records. The CAO will also evaluate the cost effectiveness of proposals and monitor grant compliance with proposal objectives as well as the administrative/fiscal standards. The CAO will work closely with state and local government officials and non-profit organization officials to draft contracts, prepare reports and resolve problems. S/he will also, along with the Executive Director, interact closely with the State Property office in developing acquisition and easement projects. The CAO will prepare reports as directed by the Executive Director on the status of the projects.

On an annual basis, the CAO, in coordination with the Executive Director, will play a major role in producing a report for the Environmental Review Commission. The Annual Report will need to serve many functions, including providing accountability for expenditures from the Fund, validating the grant decisions, and evaluating, and if necessary, reformulating the activities of the Fund in relation to its ability to achieve the legislative intent of the CWMTF Act.

* 40% 2. Budget/Financial Officer

The CAO will assist the Executive Director in the development of an annual administrative budget for the Trust Fund. The CAO will be responsible for managing that budget relative to day-to-day operations. The CAO will assist and advise the Executive Director on fiscal procedures and compliance with state administrative rules and policies.

The CAO must develop administrative standards and procedures for allocating and managing all grants, including developing procedures for ensuring the availability and use of matching funds, as determined by the Board of Trustees. S/he must also develop standards and procedures for processing grant draw-downs, in compliance with appropriate state rules and general accepted accounting principles. The CAO will also implement and oversee all purchasing and other administrative processes for the Trust Fund.

As Budget Officer, the employee will assist the Executive Director in preparing financial reports to present to the Trustees or to the Legislature. The CAO will oversee expenditures to ensure that operating costs do not exceed the required limits.

10% 3. Personnel Officer

The CAO will be responsible for managing the Trust Fund's personnel services, including position management, recruitment, employee relations, grievances and other aspects of personnel administration, in accordance with State Personnel rules, Department guidelines and standard personnel practices. The CAO will serve as a first point of contact for staff and other agency officials on personnel matters, and will advise the ED as needed.

10% 4. Office/Field Office Management

Job Description
Senior Science Advisor
Clean Water Management Trust Fund

I. GENERAL INFORMATION

A. General Description of the Organization

The Clean Water Management Trust Fund (CWMTF) was established by the North Carolina General Assembly in 1996 to finance projects that are designed to clean up pollution in the state's surface waters and to protect and conserve those waters that are not yet polluted. The intent of the legislation is long-term water quality protection. The General Assembly also foresees benefit to drinking water supplies and wildlife and marine fisheries habitats as a result of these projects.

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For State administrative purposes CWMTF is conceptually housed in the Department of Environment, Health and Natural Resources; however, the function of the Fund is directed by an independent Board of Trustees. The 18-member CWMTF Board of Trustees - appointed by the Governor, President Pro Tem of the Senate, and the Speaker of the House - have full discretion and responsibility for the allocation of grant awards from the Fund. The Trustees will work with the Executive Director and other staff in the gradual and incremental development of objectives and criteria for allocating funds. One of the Trust Fund's goals in selecting projects is to encourage innovative, integrated, complementary, community-wide and incentive-based strategies to protect watersheds. Funded activities may include land acquisition, acquisition of conservation easements, restoration of degraded lands and repair of failing wastewater treatment/stormwater/septic systems, among others.

B. Primary Purpose of the Position

This position will be the Senior Science Advisor (SSA) for the Trust Fund. The key responsibility of this position will be to assess the relative technical merit of applications for funding and present to the Director and Trustees a basis for prioritizing funding requests relative to the ecological implications for water quality. The Senior Science Advisor will also provide technical support to the Executive Director and Board of Trustees in the development of Trust Fund policies and procedures.

C. Work Schedule

Employee will generally work a 40-hour week; however, overtime will be expected during critical periods.

D. Change in the Position or Organization

This is a new position required by the creation of the Trust Fund.

II. DUTIES AND RESPONSIBILITIES & OTHER POSITION CHARACTERISTICS

A. Duties and Responsibilities

* 30% 1. Technical Review

In collaboration with the Executive Director, the SSA is expected to implement an unprecedented program that supports non-regulatory, incentive-based activities that complement and extend the effectiveness of other water quality programs. To achieve this, the Senior Science Advisor will provide expertise to the Trust Fund in the technical/scientific review of all grant applications. With an expected minimum annual funding level of \$30 million, the project applications are expected to range from large, highly technical and complex projects to smaller projects exploring innovative approaches to pollution reduction. A key goal in selecting projects will be to encourage responsible integration of complementary strategies (e.g. regulation, acquisition, easements, best management practices or technologies, etc) to produce long-term water quality protection and/or restoration.

The technical review of project applications will be based on a broad understanding of ecosystem ecology, in particular the knowledge of relationships between changes in land use and water quality in North Carolina. Based on this knowledge and understanding, the SSA will assess the compliance of each application with the Trust Fund's grant specifications and the potential impact of each proposed project on water pollution prevention or abatement. The SSA will develop assessment methodologies to include information collected in North Carolina's highly regarded basinwide planning process, other cost/benefit analyses, technical modeling, and peer consultation with experts from a range of technical disciplines relevant to land use and water quality. Based on an analysis of the data collected, the Senior Science Advisor will then evaluate the technical merit of all proposals and will present a thorough rationale for prioritizing projects for funding to the Executive Director and the Trustees.

*** 30% 2. Project Monitoring**

The Senior Science Advisor will monitor grant projects to ensure compliance and to evaluate measurable progress and outcomes. It will be the SSA's responsibility to suggest corrective actions, if appropriate, and collaborate with project staff in implementing changes. This employee may also direct Field Representatives in working with project staff on an ongoing basis. The SSA will report periodically to the Executive Director and Trustees on the progress and outcomes.

On an annual basis, the SSA, in coordination with the Executive Director, will play a major role in producing a report for the Environmental Review Commission. The Annual Report will need to serve many functions, including providing accountability for expenditures from the Fund, validating the grant decisions on the basis of credible science, and evaluating, and if necessary, reformulating the activities of the Fund in relation to its ability to achieve the legislative intent of the CWMTF Act.

*** 25% 3. Technical Consultation**

The Senior Science Advisor's role will involve extensive communication, consultation and collaboration with experts in a broad range of scientific disciplines related to ecosystem ecology, including biology, chemistry, fisheries, forestry, geology, land use planning and engineering. This role will require the use of insights and information garnered through consultation in evaluations of grants, monitoring of projects, and development of policies and guidelines. The nature of the Trust Fund's operations allows for and requires extensive, ongoing consultation to ensure that operations are "state of the art." Applying this information and conveying it to the Executive Director and Trustees are key responsibilities for the Senior Science Advisor.

*** 15% 4. Policy Development**

The Senior Science Advisor will provide technical support to the Executive Director and the Trustees in developing the Trust Fund's policies and procedures, including application review criteria. Policy recommendations will be based on a consideration of the Fund's objectives; a

Job Description
Field Representative
Clean Water Management Trust Fund

I. GENERAL INFORMATION

A. General Description of the Organization

The Clean Water Management Trust Fund (CWMTF) was established by the North Carolina General Assembly in 1996 to finance projects that are designed to clean up pollution in the state's surface waters and to protect and conserve those waters that are not yet polluted. The intent of the legislation is long-term water quality protection. The General Assembly also foresees benefit to drinking water supplies and wildlife and marine fisheries habitats as a result of these projects.

Under the terms of the enabling legislation, at the end of each fiscal year 6.5% of the unreserved credit balance in North Carolina's General Fund will go into the Trust Fund (\$47.1 million in first year moneys.) Moneys from the Fund shall be allocated to projects that (1) enhance or restore degraded waters; (2) protect unpolluted waters, and/or (3) contribute toward a network of riparian buffers and greenways for environmental, educational, and recreational benefits.

For State administrative purposes CWMTF is conceptually housed in the Department of Environment, Health and Natural Resources; however, the function of the Fund is directed by an independent Board of Trustees. The 18-member CWMTF Board of Trustees - appointed by the Governor, President Pro Tem of the Senate, and the Speaker of the House - have full discretion and responsibility for the allocation of grant awards from the Fund. The Trustees will work with the Executive Director and other staff in the gradual and incremental development of objectives and criteria for allocating funds. One of the Trust Fund's goals in selecting projects is to encourage innovative, integrated, complementary, community-wide and incentive-based strategies to protect watersheds. Funded activities may include land acquisition, acquisition of conservation easements, restoration of degraded lands and repair of failing wastewater treatment/stormwater/septic systems, among others.

B. Primary Purpose of the Position

This employee will serve as a Field Representative for the Clean Water Management Trust Fund. Key tasks include promoting the Trust Fund in the assigned region; conveying regional concerns and issues to Trust Fund staff; assisting agencies in developing projects and applying for grants; and monitoring grant performance.

C. Work Schedule

Employee will generally work a 40-hour week; however, overtime will be expected during critical periods. Weekend and evening work will also be expected.

D. Change in the Position or Organization

This is a new position required by the creation of the Trust Fund.

II. DUTIES AND RESPONSIBILITIES & OTHER POSITION CHARACTERISTICS

A. Duties and Responsibilities

* 30% 1. Trust Fund Liaison

The Field Representative will act as a community representative for the Trust Fund to promote its objectives in the region. Work may involve appearing at agency meetings, preparing articles for print media, participating in radio interviews, and responding to inquiries from the general public. In addition, the Field Representative will act as a conduit to the Executive Director to apprise him of issues and interests particular to that region. The liaison role will also include coordinating with other existing water quality programs. The Field Representative must be able to communicate on complex technical matters with the Senior Science Advisor.

* 30% 2. Project monitoring

The Field Representative will monitor project operations to ensure that grant goals and objectives are on target. Employee will report back to the Executive Director as needed. It will be this employee's responsibility to obtain and provide information needed to assist the grant recipient and implement corrective action.

* 30% 3. Technical assistance and consultation

The Field Representative will work with all interested and qualified agencies (state agencies, local governments or other political subdivisions, and qualified non-profit organizations) to assist in developing projects and applying for grants from the Trust Fund. The Field Representative will explain about grant requirements and time lines. As needed, this employee will conduct training sessions for interested parties and work one-on-one with individual clients in the assigned region.

* 10% 4. Applications review

The Field Representative will review all grants from the region and assist the Executive Director and other Trust Fund staff in the evaluation process.

B. Other Position Characteristics

1. Accuracy Required in Work

Employee will be expected to convey accurate information about the Trust Fund and its programs in its community presentations. In addition, the assessment of community concerns should be accurate. Finally, the information conveyed about grant applications and the determination of application compliance need to be accurate.

2. Consequence of Error

48 APPROVED PROJECTS

Applicant type:

	# of projects	\$ encumbered (%)
Local Government	28 (58%)	\$18,782,281. (56%)
State Agencies	11 (23%)	\$ 9,459,419. (28%)
Non-Profits	9 (19%)	\$ 5,393,538. (16%)

Project Purpose:

Riparian Buffers	13 (27%)	\$15,013,200. (44.6%)
Urban Greenways	5 (10%)	\$ 1,106,000. (3.3%)
Cons. Easements	2 (4%)	\$ 619,888. (1.8%)
Infrastructure	12 (25%)	\$ 9,672,767. (28.8%)
Stormwater/rest.	7 (15%)	\$ 5,955,617. (17.7%)
Planning	9 (19%)	\$ 1,267,866. (3.8%)

Funded Projects by Applicant Type

<i>ID</i>	<i>Applicant Name</i>	<i>Purpose</i>	<i>Watershed</i>	<i>Amount Funded</i>
<i>Local Government-County</i>				
1001	Pamlico County	Wastewater	Neuse	\$1,000,000
1006	Macon County	Restoration/Stormwater	Little Tennessee	\$3,885,000
1022	Craven County	Wastewater	Neuse	\$160,000
1104	County of Durham	Acquisition-Buffers	Cape Fear	\$750,000
			<i>Group Total:</i>	<i>\$5,795,000</i>
<i>Local Government-Municipal</i>				
1010	City of Rocky Mount	Acquisition-Greenways	Tar-Pamlico	\$200,000
1012	Waynesville	Acquisition-Buffers	French Broad	\$500,000
1018	Grimesland	Wastewater	Tar-Pamlico	\$425,000
1032	Morganton	Acquisition-Greenways	Catawba	\$550,000
1039	Claremont	Acquisition-Greenways	Catawba	\$56,000
1042	Lenoir	Acquisition-Greenways	Catawba	\$50,000
1067	Greensboro	Restoration/Stormwater	Cape Fear	\$1,000,000
1074	Hillsborough	Acquisition-Buffers	Neuse	\$254,000
1100	Goldsboro	Wastewater	Neuse	\$800,000
1101	Goldsboro	Wastewater	Neuse	\$1,600,000
1117	Tabor City	Wastewater	Lumber	\$570,000
1118	Fairmont	Wastewater	Lumber	\$1,000,000
1119	Fayetteville	Acquisition-Buffers	Cape Fear	\$502,500
1121	Lake Waccamaw	Restoration/Stormwater	Lumber	\$30,514
1129	Seaboard	Wastewater	Chowan	\$1,037,000
1130	Stovall	Wastewater	Roanoke	\$800,000
1133	Gastonia	Wastewater	Catawba	\$1,000,000
1134	Bryson City	Wastewater	Little Tennessee	\$80,000
			<i>Group Total:</i>	<i>\$10,455,014</i>
<i>Local Government-Other</i>				
1051	NC Global TransPark Dev. Comm.	Planning	Neuse	\$50,000
1085	Orange Sewer/Water Authority	Acquisition-Buffers	Cape Fear	\$1,042,500
1094	Triangle J COG	Planning	Neuse	\$59,000
1097	Triangle J COG	Planning	Cape Fear	\$70,000
1128	Tuckaseegee SW Authority	Wastewater	Little Tennessee	\$1,200,767
1138	Land of Sky COG	Planning	French Broad	\$110,000
			<i>Group Total:</i>	<i>\$2,532,267</i>

<i>ID</i>	<i>Applicant Name</i>	<i>Purpose</i>	<i>Watershed</i>	<i>Amount Funded</i>
<i>Non-profit</i>				
1009	Conservation Trust For NC	Planning	Multiple	\$470,000
1024	Swain County Economic Development	Restoration/Stormwater	Little Tennessee	\$195,900
1025	Coastal Land Trust	Acquisition-Buffers	Neuse	\$378,200
1045	Riverlink	Acquisition-Greenways	French Broad	\$250,000
1048	NC Coastal Federation	Acquisition-Buffers	White Oak	\$2,520,000
1049	NC Coastal Federation	Planning	Multiple	\$90,000
1125	Sandhills Area Land Trust	Easements	Lumber	\$334,438
1126	Piedmont Land Conservancy	Acquisition-Buffers	Yadkin	\$880,000
1137	Catawba Lands Conservancy	Planning	Catawba	\$50,000
<i>Group Total:</i>				<i>\$5,168,538</i>
<i>State Agency</i>				
1030	Buncombe Soil & Water CD	Planning	French Broad	\$118,866
1076	NCSU-Coop. Ext. Svs.	Restoration/Stormwater	Watauga	\$394,103
1086	Wildlife Resources Comm.	Acquisition-Buffers	Broad	\$4,200,000
1087	Wildlife Resources Comm.	Acquisition-Buffers	Cape Fear	\$2,250,000
1088	Wildlife Resources Comm.	Acquisition-Buffers	Roanoke	\$1,056,000
1099	UNC-Pembroke	Acquisition-Buffers	Lumber	\$280,000
1108	NC Division of Parks/Recreation	Acquisition-Buffers	Lumber	\$400,000
1112	NC Div. of Water Resources	Restoration/Stormwater	Multiple	\$250,000
1113	NC Div. of Soil/Water Conservation	Easements	Multiple	\$285,450
1120	NC-CGIA	Planning	Multiple	\$250,000
1139	NC Sea Grant	Restoration/Stormwater	White Oak	\$200,000
<i>Group Total:</i>				<i>\$9,684,419</i>
<i>Grand Total:</i>				<i>\$33,635,238</i>

Funded Projects by General Purpose

<i>ID</i>	<i>Applicant Name</i>	<i>Region</i>	<i>Watershed</i>	<i>Amount Funded</i>
<i>Acquisition-Buffers</i>				
1012	Waynesville	Western	French Broad	\$500,000
1025	Coastal Land Trust	Eastern	Neuse	\$378,200
1048	NC Coastal Federation	Eastern	White Oak	\$2,520,000
1074	Hillsborough	Central	Neuse	\$254,000
1085	Orange Sewer/Water Authority	Central	Cape Fear	\$1,042,500
1086	Wildlife Resources Comm.	Western	Broad	\$4,200,000
1087	Wildlife Resources Comm.	Eastern	Cape Fear	\$2,250,000
1088	Wildlife Resources Comm.	Eastern	Roanoke	\$1,056,000
1099	UNC-Pembroke	Central	Lumber	\$280,000
1104	County of Durham	Central	Cape Fear	\$750,000
1108	NC Division of Parks/Recreation	Eastern	Lumber	\$400,000
1119	Fayetteville	Central	Cape Fear	\$502,500
1126	Piedmont Land Conservancy	Western	Yadkin	\$880,000
<i>Group Total:</i>				<i>\$15,013,200</i>
<i>Acquisition-Greenways</i>				
1010	City of Rocky Mount	Eastern	Tar-Pamlico	\$200,000
1032	Morganton	Western	Catawba	\$550,000
1039	Claremont	Western	Catawba	\$56,000
1042	Lenoir	Western	Catawba	\$50,000
1045	Riverlink	Western	French Broad	\$250,000
<i>Group Total:</i>				<i>\$1,106,000</i>
<i>Easements</i>				
1113	NC Div. of Soil/Water Conservation	Eastern	Multiple	\$285,450
1125	Sandhills Area Land Trust	Central	Lumber	\$334,438
<i>Group Total:</i>				<i>\$619,888</i>
<i>Planning</i>				
1009	Conservation Trust For NC	Statewide/Regional	Multiple	\$470,000
1030	Buncombe Soil & Water CD	Western	French Broad	\$118,866
1049	NC Coastal Federation	Eastern	Multiple	\$90,000
1051	NC Global TransPark Dev. Comm.	Eastern	Neuse	\$50,000
1094	Triangle J COG	Central	Neuse	\$59,000
1097	Triangle J COG	Central	Cape Fear	\$70,000
1120	NC-CGIA	Statewide/Regional	Multiple	\$250,000
1137	Catawba Lands Conservancy	Central	Catawba	\$50,000
1138	Land of Sky COG	Western	French Broad	\$110,000
<i>Group Total:</i>				<i>\$1,267,866</i>

<i>ID</i>	<i>Applicant Name</i>	<i>Region</i>	<i>Watershed</i>	<i>Amount Funded</i>
<i>Restoration/Stormwater</i>				
1006	Macon County	Western	Little Tennessee	\$3,885,000
1024	Swain County Economic Development	Western	Little Tennessee	\$195,900
1067	Greensboro	Central	Cape Fear	\$1,000,000
1076	NCSU-Coop. Ext. Svs.	Western	Watauga	\$394,103
1112	NC Div. of Water Resources	Statewide/Regional	Multiple	\$250,000
1121	Lake Waccamaw	Eastern	Lumber	\$30,514
1139	NC Sea Grant	Eastern	White Oak	\$200,000
<i>Group Total:</i>				<i>\$5,955,517</i>
<i>Wastewater</i>				
1001	Pamlico County	Eastern	Neuse	\$1,000,000
1018	Grimesland	Eastern	Tar-Pamlico	\$425,000
1022	Craven County	Eastern	Neuse	\$160,000
1100	Goldsboro	Eastern	Neuse	\$800,000
1101	Goldsboro	Eastern	Neuse	\$1,600,000
1117	Tabor City	Eastern	Lumber	\$570,000
1118	Fairmont	Eastern	Lumber	\$1,000,000
1128	Tuckaseigee S/W Authority	Western	Little Tennessee	\$1,200,767
1129	Seaboard	Eastern	Chowan	\$1,037,000
1130	Stovall	Central	Roanoke	\$800,000
1133	Gastonia	Central	Catawba	\$1,000,000
1134	Bryson City	Western	Little Tennessee	\$80,000
<i>Group Total:</i>				<i>\$9,672,767</i>
<i>Grand Total:</i>				\$33,635,238

Applications approved for funding in the initial cycle were for projects in six basic categories.

I. ACQUISITIONS OF RIPARIAN BUFFERS:

1. \$2.25 million to the Wildlife Resources Commission towards the acquisition of the Suggs Millpond property and the lands adjacent to headwaters of two tributaries of the Cape Fear River;
2. Up to \$502,500 to the City of Fayetteville to buffer tributaries to their water supply watershed;
3. Up to \$254,000 to the town of Hillsborough to acquire buffer areas linking a series of conservation properties along the Eno River in the Neuse Watershed;
4. Up to \$378,200 to the North Carolina Coastal Land Trust for the purchase of Turkey Quarter Island and mainland riparian buffers in the Neuse River watershed (the project includes a restoration plan for the entire sub-basin);
5. Up to \$2,520,000 to the North Carolina Coastal Federation for the purchase of critical buffers to the shellfishing resources of Hoop Hole Creek and Bogue Sound;
6. \$4,200,000 to the Wildlife Resources Commission towards the purchase of the South Mountains Rollins tract, a tract of more than 17,000 acres that includes virtually all of the headwaters of the Broad River;
7. Up to \$1,056,000 to the Wildlife Resources Commission to purchase riparian buffers along the Roanoke River
8. Up to \$280,000 to the University of North Carolina at Pembroke for the acquisition and restoration of riparian properties adjacent to Mill Branch Creek in the Lumber River basin;
9. Up to \$750,000 to Durham County for the preservation of flood plain properties in the New Hope Creek drainage of the Cape Fear River watershed;
10. \$400,000 to North Carolina Division of Parks towards the purchase of riparian properties along the Lumber River;
11. Up to \$880,000 to the Piedmont Land Conservancy to purchase property, acquire conservation easements and develop a restoration and protection strategy for the Mitchell River in the Yadkin River watershed.
12. Up to \$500,000 to the Town of Waynesville to purchase and conserve the final tracts of undeveloped lands in the town's water supply watershed.
13. Up to \$1,042,500 to the Orange County Sewer and Water Authority for the acquisition of riparian buffer properties in the critical areas of the water supply watershed.

II. URBAN GREENWAYS

1. Up to \$200,000 to the City of Rocky Mount for the acquisition of 1.7 miles of riparian properties which should stimulate development of a City greenway along the Tar River;
2. Up to \$550,000 to City of Morganton for the acquisition and restoration of a riparian greenway in the Catawba River basin;
3. Up to \$56,000 to the Town of Claremont for the acquisition of a public access riparian greenway in the Catawba River basin;
4. Up to \$50,000 to the Town of Lenoir for the acquisition of a public access, riparian greenway in the Catawba River basin.
5. Up to \$250,000 to RiverLink for the acquisition and restoration of a 35 acre speedway in the floodplain of the French Broad River in Asheville.

III. CONSERVATION EASEMENTS

1. Up to \$334,438 to the Sandhills Area Land Trust to acquire a conservation easement on a 400 acre forested buffer of Drowning Creek (an ORW in the Lumber basin);
2. Up to \$285,450 to the NC Division of Soil and Water Conservation to create a riparian buffer program to guide in the acquisition of easements on agricultural lands in select sub-basins of the Tar-Pamlico and Neuse watersheds.

IMPROVED WASTEWATER MANAGEMENT

1. \$1 million to the City of Gastonia to assist in their project to remove the wastewater discharge from degraded Catawba Creek and to reroute that effluent through the 'state of the art' treatment facility at Long Creek;
2. \$1 million to Pamlico County to assist in their demonstration project which will remove two wastewater discharges from the Neuse River and move to a land application system utilizing corporate forest lands;
3. \$160,000 to Craven County to establish a revolving low-interest, loan fund to assist low income families in the repair and replacement of failing septic systems;
4. Up to \$800,000 to City of Goldsboro for a demonstration wastewater reuse project, which will use one million gallons of wastewater effluent per day for irrigation;

5. Up to \$1.6 million to City of Goldsboro towards a demonstration project for the utilization of created wetlands in the polishing of wastewater effluent to result in lower discharges of nitrogen to the Neuse River basin;
6. \$80,000 to Bryson City in the Little Tennessee basin to implement the town's Surface Water Preservation Program including the removal of sewer lines from creek beds;
7. \$1,200,767 to the Tuckasegee Sewer and Water Authority for a program to eliminate the straight pipe discharges of sewage to the waters of Scott's Creek in the Little Tennessee watershed;
8. \$570,000 to Tabor City for the repair of their waste treatment facility in the Lumber River basin;
9. \$1 million to the Town of Fairmont towards the regionalization and repair of failing wastewater management systems in the Lumber River basin;
10. \$1,037,000 to the Town of Seaboard for the repair of their failing land application wastewater management treatment system in the Chowan watershed.
11. \$425,000 to the Town of Grimesland to construct a sewer collection system, which will eliminate failing septic tank systems
12. \$800,000 to the Town of Stovall to complete the necessary funding to build a land application system in the Town where more than 85% of the septic tanks are failing.

STREAMBANK RESTORATION AND STORMWATER CONTROL

1. \$250,000 to the North Carolina Division of Water Resources to develop a series of pilot stream restoration projects in the Neuse River and other watersheds;
2. \$394,103 to the NC Cooperative Extension Service to finance the repair of streambanks and restoration of wetlands in the Watauga watershed;
3. Up to \$3.885 million to Macon County for an extensive streambank stabilization and wetland program on the Little Tennessee;
4. Up to \$1 million to the City of Greensboro to restore and preserve the natural function of South Buffalo Creek and adjacent wetlands;
5. \$30,514 to the Town of Lake Waccamaw to divert urban stormwater (that is currently polluting the lake) into adjacent wetlands which can act as a natural filter.
6. Up to \$195,900 to the Swain County Economic Development Commission to restore degraded lands into a functional greenway;
7. \$200,000 to Sea Grant (NCSU) to implement a comprehensive stormwater management system on Jumping Run Creek in Bogue Sound, which should restore previously closed shellfish waters.

PLANNING PROJECTS:

1. Up to \$250,000 to the North Carolina Center for Geographic Information Analysis for the development and management of a Geographic Information System;
2. \$90,000 to the NC Coastal Federation and the NC Coastal Land Trust to work in concert with the NC Division of Marine Fisheries towards the development of a Shoreline Incentives Program;
3. \$59,000 to the Triangle J Region Council of Government for the development of a systematic strategy of the restoration and preservation of riparian lands in the 770 square mile Upper Neuse River Basin;
4. \$110,000 to the Land of Sky Regional Council of Government and RiverLink to assist in the development of the French Broad River Corridor Protection Initiative;
5. \$50,000 to the NC Global TransPark Development Commission to plan for the strategic acquisition of riparian lands in a 13 county region of the central Neuse River watershed;
6. \$118,866 to the Buncombe Soil and Water Conservation District for a pilot project which targets Newfound Creek in the French Broad River basin (Newfound Creek has been significantly degraded by non-point source pollution from agricultural operations, and the proposed project is a comprehensive strategy of planning; education and implementation);

7. \$50,000 to the Catawba Lands Conservancy for a two-year planning initiative to identify and prioritize opportunities for the acquisition of conservation easements on riparian properties in the South Fork Creek watershed of the Catawba River basin.
8. \$70,000 to the Triangle J Regional Council of Government for the development of a systematic strategy for the preservation and restoration of the riparian lands in the 1,700 square mile upper basin of the Cape Fear River watershed.
9. \$470,000 to the Conservation Trust of North Carolina (in collaboration with the 16 private, non-profit land trusts operating in the state) to develop corridor protection plans for twenty selected streamways across the state.

6

**ANALYSIS OF CLEAN WATER MANAGEMENT TRUST FUNDS TRANSFERRED TO
DEPARTMENT OF ENVIRONMENT, HEALTH AND NATURAL RESOURCES
FOR STATE FISCAL YEAR 1997**

TOTAL TRANSFERRED TO DEHNR SFY 97	47,100,000
TOTAL ALLOCATED TO WETLANDS TRUST	<u>(9,200,000)</u>
AVAILABLE FOR CLEAN WATER TRUST FUND	37,800,000
ALLOCATION TO TRUST FUND ADMINISTRATION	850,000
ALLOCATION TO GRANT PROGRAM	37,050,000

SUMMARY OF CLEAN WATER TRUST FUND ACTIVITY SFY 97

ADMINISTRATION ALLOCATION	850,000.00	
LESS EXPENDITURES FOR SFY 97	<u>(51,100.75)</u>	
YEAR END ADMINISTRATION BALANCE FOR SFY 97	798,899.25	798,899.25
GRANT ALLOCATION	37,050,000.00	
PLUS INTEREST EARNED	<u>2,463,993.17</u>	
YEAR END GRANT BALANCE FOR SFY 97		<u>39,513,993.17</u>
BALANCE AVAILABLE JUNE 30, 1997		40,312,892.42

CWMTF FUNDS AVAILABLE FOR GRANTS 1997-1998.

Allocation from 1996-1997	\$40,312,892.
Allocation from 1997-1998	\$49,354,893.
Interest income	\$ 3,095,957.

Total Revenue available to CWMTF	\$92,763,742.
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Encumbrances:

Administration set aside	\$ 850,000.
Grants (48 approved)	\$33,635,238.

Total encumbered:	\$34,485,238.
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Funds currently available for grants:	\$58,278,504.
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JOINT NER APPROPRIATIONS SUBCOMMITTEE

February 18, 1998

Department of Environment and Natural Resources
Division of Water Quality
Wetlands Restoration Program

WETLANDS RESTORATION FUND

GENERAL PROGRAM DESCRIPTION:

The North Carolina Wetlands Restoration Program (NCWRP) was established by an act of the North Carolina General Assembly in 1996. Establishment of this program by the General Assembly was the culmination of a four-year cooperative effort of the Divisions of Water Quality and Coastal Management. In addition, the administration of the Department of Environment and Natural Resources and several other Divisions within the Department were instrumental in the establishment of this program. The purpose of the NCWRP is to protect and improve water quality, flood prevention, fisheries, wildlife and plant habitats, and recreational opportunities through the protection and restoration of wetlands and riparian areas.

The NCWRP will accomplish this purpose by restoring wetland functions and values throughout North Carolina, which will result in a net increase in wetland acres, functions, and values in each of the seventeen river basins. The ecological effectiveness of compensatory mitigation will be improved through the development of restoration plans which will ensure that compensatory mitigation is conducted within an ecosystem context to address identified problems. This proactive approach will provide a consistent and simplified approach to address compensatory mitigation requirements and will foster a comprehensive approach to environmental protection.

Beginning July 1, 1997, comprehensive basinwide wetlands restoration plans will be developed for each river basin in conjunction with the Basinwide Water Quality Management Plans. The GIS-based mapping methodologies developed by the Division of Coastal Management will be used to assess the status of the existing wetlands and riparian area resources within the basin and to identify degraded wetlands and riparian areas. Identified sites will be prioritized based on the ability of the restored sites to address problems that have been identified in the Basinwide Water Quality Management Plans. The restoration plans will provide the framework for the Wetlands Restoration program; therefore it is essential that the public, local governments, state and federal agencies and others be involved in the development of these plans.

The Wetlands Restoration Fund, which is a component of the NCWRP, will provide a repository for appropriations from the General Assembly, monetary contributions, donations of property, payments in lieu of compensatory mitigation requirement and grants. The enabling legislation for the NCWRP restricts the use of these funds to the restoration, enhancement, preservation and creation of wetlands and riparian areas in accordance with the basinwide restoration plans. In addition, this fund may be used for directly related costs of planning,

monitoring and maintenance of wetlands and riparian areas. On April 10, 1996, the Environmental Management Commission adopted temporary rules that established a fee schedule for payments in lieu of compensatory mitigation requirements. The schedule is as follows:

Classified surface waters	\$125/linear foot of stream
Class WL wetlands	
non-riparian	\$ 12,000/acre
riparian	\$ 24,000/acre
Class SWL wetlands	\$120,000/acre

A Memorandum of Agreement with the United States Army Corps of Engineers (USACOE) concerning the use of the Fund to address the compensatory mitigation requirements of Section 404 permits is being developed. The Memorandum of Agreement will provide permittees with another option to satisfy the compensatory mitigation requirements. Recipients of Section 404 permits will not be required to pay into the Fund, they will continue to be allowed to design and implement their own project, or they may purchase credits from private mitigation banks.

The final component of the NCWRP will be the implementation of projects in accordance with the basinwide restoration plans. Implementation of the plans will occur in several ways including the establishment of private mitigation banks in identified areas, partnerships with local governments, state and federal agencies, land trusts and other non-profit organizations, and when necessary the NCWRP will issue contracts to restore specific areas.

The Divisions of Water Quality and Coastal Management are committed to implementing the NCWRP to achieve the purpose and goals outlined in the enabling legislation. Full implementation of this program will provide benefits to all citizens and regions of North Carolina.

OVERVIEW OF THE RESPONSIBILITY OF THE FUND'S GOVERNING BOARD/AUTHORITY:

The enabling legislation for the Wetlands Restoration Program did not establish a governing board specifically for the Program. Responsibility for oversight of the program has been assigned to the Secretary of the Department and the Environmental Management Commission. Priorities for each river basin will be established through the development of Basinwide Restoration Plans. These plans will establish goals for each watershed that will be used to guide the expenditure of fund. In addition, the Department plans to appoint an Advisory Council to provide guidance to the Secretary concerning which projects within a particular watershed are most likely to be successful and contribute to the goals established in the Basinwide Restoration Plans

• **ADVISORY COUNCIL**

The Advisory Council for the North Carolina Wetlands Restoration Program shall consist of eleven members. The Secretary of the Department of Environment, Health and Natural Resources shall appoint the members so that the membership of the Council shall consist of:

- (1) One member who shall be the Director of the Division of Water Quality, and who shall serve as Chairman;
- (2) One member who shall be the Director of the Division of Coastal Management or his designee;
- (3) Two members who shall be representatives of recognized environmental, conservation or land trust organizations;
- (4) Two members who shall be faculty members of a four-year college or university and whose major field is related to wetlands ecology or restoration of degraded ecosystems;
- (5) One member who shall be a representative of recognized building and development organizations;
- (6) One member who shall be a representative of organizations that provide consulting services associated with wetland restoration and/or creation;
- (7) One member who shall be a representative of recognized agricultural or silvicultural organizations;
- (8) One member who shall be a representative of the U.S. Army Corps of Engineers, Wilmington District; and
- (9) One member who shall be a representative of the Environmental Protection Agency, Region 4.

RESPONSIBILITIES OF ADVISORY COUNCIL

1. Review of the basinwide restoration plans for each of the seventeen river basins to ensure compliance with the goals of the enabling legislation for the Wetlands Restoration Program.
2. Provide guidance concerning the disbursement of funds from the Wetlands Restoration Fund to ensure that these funds are used only for those activities that are consistent with the basinwide restoration plans and the enabling legislation for the Wetlands Restoration Program.
3. Conduct an annual review of the Wetlands Restoration Program to ensure that the program is being administered in a manner that is consistent with the basinwide restoration plans and the goals of the enabling legislation for the Wetlands Restoration Program.

• BASINWIDE RESTORATION PLANS

A Watershed Approach to Restoration

Summary

- A planned approach for performing restoration throughout the State
- Target watersheds which can benefit the most from restoration efforts
 - ◆ Guide expenditures of limited resources to meet restoration goals
 - Increase wetland acreage, functions, and values
 - Increase the ecological effectiveness of compensatory mitigation
 - ◆ Effectively target spending on mandated objectives of improving water quality, flood prevention, fisheries, wildlife habitat, and recreational opportunities

Priority Subbasin Summary

The purpose of this approach is to select a limited number of priority watersheds or “subbasins” from across the state in which to site NCWRP-funded projects. Priority subbasins are largely those in which the quality of a significant portion of their waters is either impaired or threatened as a result of degradation of the watersheds that drain into them. The intent in using water quality information is twofold. First, water quality information serves as a general indicator of natural resource degradation within a watershed. Second, water quality problems are indicative of a loss of a variety of aquatic habitats within a watershed (e.g. through land disturbing activities) as well as a reduction in all wetland and riparian functions including flood prevention, shoreline stabilization, and sediment filtration.

Although prioritizations were made based heavily upon water quality information, the underlying assumption is that watersheds which contain degraded waters are those in which wetland and riparian area restoration projects could be most beneficial in replacing all functions that are being lost due to degradation.

To identify restoration sites with the greatest potential to replace lost functions in a subbasin, NCWRP is compiling extensive habitat and hydrologic information utilizing Geographic Information Systems (GIS). This information will be analyzed within each of the priority subbasins and specific restoration sites will be identified. Upon review of site specific information, restoration projects will be selected which have the potential to provide a variety of needed functions including protection/enhancement of existing resources which may be under threat of current or future degradation. In this way, restoration can take place in the context of watershed planning, restoration benefits can be maximized, and NCWRP funds can be most effectively utilized.

Selection Process Summary

Subbasins with significant hydrological degradation primarily from nonpoint sources were identified in order to determine where the potential need for wetlands and riparian area restoration would be greatest. Water quality data were reviewed and evaluated for each

subbasin. Land cover data were used to find subbasins where potential restoration sites would be most readily available to address both urban as well as rural nonpoint sources. Development trends were considered to select subbasins in which significant development pressures threatened to impair water quality or degrade it further.

The North Carolina Natural Heritage Program (NHP) provided recommendations on priority subbasins based upon their data and expertise. The NHP identified subbasins with areas of ecological significance that are in need of restoration or under threat of degradation. This information, in combination with data on permitted wetland impacts, Outstanding Resource Waters, High Quality Waters, Shellfish Waters, and Water Supply Watershed areas, were used as supplemental criteria in selecting priority subbasins.

Based on the criteria listed above, NCWRP staff selected 60 priority subbasins representing every river basin and physiographic province in North Carolina. This draft list was sent to numerous state and federal agencies, nonprofit agencies and the general public for review. Based on the comments received, the draft list was revised. The NCWRP will utilize the final list of priority subbasins to target smaller watersheds for potential project implementation.

In addition to the benefits the development of the Basinwide Restoration Plans will have for the NCWRP, other state and federal agencies have expressed interest in utilizing the plans to assist in the implementation of their programs. Agencies that have expressed interest in utilizing the plans include the Natural Resources Conservation Service - Wetlands Reserve Program and the Clean Water Management Trust Fund. As more comprehensive plans are developed the information included in the plans will be useful to local governments in developing watersupply watershed protection strategies and stormwater management programs.

• PROJECT SELECTION AND PRIORTIZATION

The Basinwide Restoration Plans will be utilized to focus the search and selection of projects for implementation. Projects will be selected based on the feasibility of restoration and the ability of the restored area to contribute to the goals established for each river basin. Although there is no formal application process, the NCWRP will be seeking projects that have local sponsors. Educational materials are being prepared and will be distributed to NRCS offices, Soil and Water Conservation Districts, local governments and nonprofit organizations concerning the types of projects that the NCWRP is interested in funding.

• DEVELOPMENT OF THE SCHEDULE OF FEES

The NCWRP is required in G.S. §143-214.11(e) to establish and use a standardized schedule for per-acre payments based on variations in the ecological functions of permitted wetland losses. The schedule must also include all costs directly related to the planning, implementation and long-term monitoring and maintenance of wetlands restoration projects. The following paragraphs explain the development of the Schedule of Fees that was adopted as a temporary rule by the Environmental Management Commission in April, 1997.

Summary

- Wetland restoration costs vary greatly, depending on site location, type of work involved, and size of site.
- The NCWRP fee schedule reflects the more significant differences in ecological functions and values among different riparian and nonriparian wetland types, while being simplified enough to provide a consistent approach to streamline the wetlands permitting process.
- Creating a more detailed fee schedule would risk making the process so unwieldy as to be useless to permit applicants.
- The fee schedule is set to ensure that the NCWRP will be an economically attractive alternative to applicants required to perform their own compensatory mitigation.
- The NCWRP's goal is to increase the overall probability of success for wetlands restoration projects that are associated with compensatory mitigation.
- Private mitigation banks will be required to site themselves in areas NCWRP has identified as beneficial to the needs of a river basin.
- The NCWRP will address the negative externalities (public losses) that have been generated through historic and current wetland conversion, and that will be generated through future permitted impacts.

The NCWRP Wetlands Restoration Fee Schedule

In consideration of the statutory requirements for the pricing of wetlands restoration projects, the NCWRP has developed the following fee schedule:

- \$24,000 per acre of required mitigation for riparian wetlands
- \$12,000 per acre of required mitigation for non-riparian wetlands
- \$120,000 per acre of required mitigation for coastal wetlands
- \$125 per linear foot of mitigation for streams

The basis for this fee schedule is discussed in the following sections (for a complete cost analysis of wetlands and riparian restoration costs, refer to Appendices C and D).

Cost Elements

The NCWRP fee schedule is based on the following restoration components:

1. Costs of acquiring land or securing easement;
2. Design costs (planning, engineering, etc.);
3. Construction costs (planting, grading, and excavating);
4. Short-term monitoring costs (3-5 years);
5. Long-term monitoring (greater than 5 years);
6. Indirect costs.

Cost Variations

The costs of wetland restoration and creation vary greatly. Variation generally depends primarily on the following three cost components: (1) site location, (2) type of work involved, and (3) size of site.

(1) Site Location:

Location of the restoration site can vary widely, depending upon whether the proposed site is in a rural or urban setting. This is because generally in urban settings, the highest and best use of land is in developed residential or commercial space. However, rural land tends to exist in areas toward which the development fringe has not yet encroached. To the extent that development has not inflated rural land values to the point where it is more profitable to sell the property rather than maintain it in agricultural uses, its highest and best use remains in agriculture. Therefore, undeveloped land is usually indicative of relatively inexpensive land, while developed or urbanized areas usually indicate high land values. In this way, siting restoration projects on rural versus urban land can greatly affect land acquisition costs, which can in turn cause a wide range in overall restoration costs.

Location of restoration sites can also be limited by ecosystem requirements. For instance, many coastal wetlands restoration sites could be on offshore islands. Substantial upfront shipping cost estimates must be added to fees to restore coastal wetlands, for transportation of materials during the implementation phase and for ongoing maintenance. This is a primary reason why the NCWRP's coastal wetland fee is significantly greater than the NCWRP fees for restoring other wetland systems.

(2) Type of Work Involved:

Costs associated with the design component are closely linked with the type of work to be done, and less closely associated with the size of the project. The required restoration techniques can range from simply plugging or filling of ditches on agricultural lands, to hydrologic computer modeling, extensive excavation, and other steps in restoring river channel meanders.

(3) Size of Site:

Even on a per-acre basis, the cost of doing restoration work can vary greatly. One reason is that, regardless of the size of a parcel, each mitigation project will require background research, a title search, transaction costs (e.g., to negotiate with the landowners, to cover legal fees, etc.). All these items can be classified as fixed costs. As the size of the project increases, the per-acre total costs of the project decrease as the fixed costs are amortized over a larger number of acres (all other things being equal). In analyzing two different sets of data, King and Bohlen found that for every 10 percent increase in project size, the per-acre cost of the project decreased by at least 3 percent.

(4) Additional Considerations – Monitoring:

Monitoring activities involves the installation of wells, vegetation surveys, faunal surveys, monitoring of water control structures, and noxious weed control. The following assumptions were made, and adjustments made accordingly:

- | | |
|------------------|--|
| <u>Riverine:</u> | Some projects may involve relatively more complex hydrologic monitoring; |
| <u>Tidal:</u> | Additional travel may be required relative to the other two classes. |

Cost Analysis for Stream Restoration:

Elements of Stream Restoration Costs

The stream restoration activities considered in the cost analysis upon which the NCWRP's fee schedule is based fall into two basic categories: (1) engineered methods and (2) bioengineered methods. Engineered methods include the use of hardened structures like rip rap and gabions. Bioengineered methods include soil stabilization techniques that call for natural or native organic materials such as fiber matting or live plantings.

The following six cost components were included in this NCWRP cost analysis:

- 1) Inventorying - identification and mapping of sites
- 2) Site Acquisition - obtaining easements or title to land
- 3) Designing and Planning
- 4) Implementation
- 5) Monitoring
- 6) Indirect Costs

Stream restoration costs are likely to vary greatly depending on (1) land acquisition cost, (2) nature of restoration project, and (3) methods used to implement it. Generally, projects that are larger will be cheaper per acre or per linear foot than comparable smaller projects. Projects that can accommodate the use of heavy equipment instead of hand labor will also be relatively cheaper. Restoration of existing streambeds is normally lower than the costs for relocation. Finally, the collection of plants on-site will reduce overall costs (Karen Lynch, DWQ).

In the analysis, costs from the following general restoration project types were considered:

- bioengineering (e.g., root wads, tree revetments, bank logs)
- relocation, grass/seedling plantings, with a 50-foot buffer
- tree revetments, buffer stabilization
- rip rap along stream buffer
- channel relocation

Analysis of the Stream Restoration Costs

Stream restoration is a relatively new field with techniques that are rapidly evolving. Also, restoration techniques can vary radically. This variation in technique is often reflected in the wide range of restoration costs. For instance, a bioengineered restoration project could consist of laying down jute matting along a river bank and planting grass and seedling shrubs. At the other extreme, an engineered project could be many times more expensive due to the costs of hydrologic computer modeling and design and excavation work for doing stream rechannelization. The NCWRP believes that much of its stream restoration projects will be engineered, which will likely cost more than bioengineered projects. An additional factor considered was the high cost associated with locating appropriate stream restoration sites.

Statutory, Ecological, And Economic Considerations In Setting The Fee Schedule: **Statutory Requirements In Setting The Fee Schedule**

As required by statute, the schedule of fees reflects the differences in ecological functions of various wetland types by establishing separate fees for riparian, nonriparian, and coastal

wetlands. This fee schedule also provides a simple and easily understood schedule for permit applicants. The NCWRP fee schedule was adopted by the Environmental Management Commission on April 10, 1997, and is based on the analysis of wetlands and riparian corridor restoration costs in the immediately preceding pages of this section.

There were a number of challenges in establishing a simple fee schedule that could reflect the more meaningful ecological variations among all wetland types and riparian areas. Because there are a multitude of wetland types and an infinite combination of functions and values for each type, some might criticize the fee schedule for being too simplistic. However, even if it were possible to capture all the ecological variations in a fee schedule, the result would be so unwieldy that it would be useless to permit applicants. Fee determinations would still need to be made on a case-by-case basis, eliminating the utility of an upfront price scheme and violating its statutory purposes. The NCWRP's fee schedule is a compromise on a number of conflicting requirements. However, it succeeds in providing a "consistent and simplified approach to address mitigation requirements" as mandated by the North Carolina General Assembly (G.S. §143-214.9(2)).

Ecological Considerations In Setting The Fee Structure

The fee schedule was divided into four classes (i.e., streams, as well as riparian, non-riparian, and coastal wetlands), based on the most significant differences in ecological functions among wetland types and riparian areas. The price differences for compensatory mitigation among the four classes are a reflection of a number of factors. For example, one of the most important factors in wetland restoration is the determination and establishment of wetland hydrology. To illustrate, consider the ecological structure of a riparian wetland (e.g., a bottomland hardwood or swamp forest) versus a nonriparian wetland (e.g., a mixed pine/hardwood flat). Mimicking the hydrologic conditions of the riparian or fluvial wetland will be much more difficult than the wet flat site.

Riparian systems deal with a number of hydrologic inputs, unlike non-riparian systems that rely solely on precipitation as input. The hydrologic complexities of riparian systems make planning for restoration more difficult on the average, and thus more expensive than restoration of nonriparian system, on a per-acre basis. Coastal marsh restoration costs are primarily driven by site availability. Real estate values for coastal waterfront lots drive the land acquisition costs up very high for marsh sites. Stream restoration costs may involve channel relocation and extensive excavation to follow the historical stream course.

The NCWRP Fund payment structure is meant to capture and reflect the costs to restore or create sites that are capable of performing the same or similar functions as the wetlands they replace (G.S. §143-214.11(e)). Proper evaluation of same or similar functions requires that the NCWRP consider wetlands and riparian systems in their functional context – that is, looking at (i) what major functions they perform throughout their respective river basins, (ii) what benefits accrue throughout the entire basin in which they are located. The meaningful ecological and hydrologic unit for the NCWRP's purpose is the river basin. Only by taking a basinwide perspective can the NCWRP fulfill its statutory objectives. The basinwide approach also allows the NCWRP a valuable framework from which to plan how to most effectively target efforts that protect and improve water quality, flood prevention, fisheries, wildlife habitat, and recreational opportunities.

Finally, the General Assembly recognizes the importance of the basinwide perspective for addressing historical and future wetland losses. It mandated that NCWRP's management plans focus on wetland functions and values that would benefit the entire river basin.

Economic Considerations – Basing The Fee Schedule On 'Best Available Data'

The NCWRP was faced with the task of balancing the need to develop a fee schedule, in advance of actual implementation of restoration projects, and streamlining the compensatory mitigation permitting process. It is extremely difficult to gauge the cost of an individual project in advance of its implementation and completion, especially in advance of identification of a suitable site. Even when a restoration site has already been identified, it is difficult to accurately calculate all costs before completion of a project. Despite these difficulties, the NCWRP produced a fee schedule that would cover the costs of restoration without being too excessive to be a viable, attractive addition to the current list of options available to wetlands permitting applicants. The fees included in the schedule are based on either recent estimates or actual cost data from past restoration projects.

Since the NCWRP has not yet implemented any mitigation projects, and since to date no private wetlands mitigation banks had been established and operating in North Carolina, very few supplemental cost figures were available to assist the NCWRP in determining restoration fees. Where cost figures from past projects were available, additional considerations had to be made concerning the success (in terms of quality of replacement functions and values, as well as acreage of replacement) of these projects. As the NCWRP begins implementing restoration projects, more data will become available. In addition, the establishment of NCWRP's fee schedule may spur the establishment of future private mitigation banks in North Carolina. If and when banks are operating, they will provide an additional, new data source with which to compare the existing fee schedule.

Economic Consideration - Not Setting NCWRP Fees Too High

It is very difficult to know the true costs of restoring one acre of wetland, especially without knowing the size, location, type, and restoration needs of a particular project. Although it would seem that the NCWRP could set its rates at a comfortably high level to cover all contingencies, there are significant economic disincentives to doing so. Since applicants are not required to participate in the NCWRP, excessive rates will only discourage program participation. Projects implemented by applicants may not meet the objective of the NCWRP to increase the ecological effectiveness of compensatory mitigation. Therefore, it is neither the intention of the NCWRP, nor is it in the Program's best interest to set its prices higher than is necessary to successfully perform restoration.

Economic Consideration - Not Setting The NCWRP Fees Too Low

If the fees for participation in the NCWRP were set lower than the actual costs of mitigation, the long-term effects on the Program could be detrimental. The Program would be responsible for replacing more wetlands acreage, functions and values than it could satisfactorily restore relative to the amount of in-lieu fees collected, and relative to the amount of compensatory mitigation required for a given permit. Any supplemental funding of mitigation

from State funds to compensate for insufficient funds collected would constitute taxpayers' subsidy of private development.¹

Artificially low rates would hamper free market activities in other ways also. Government subsidy of compensatory mitigation would hamper the development and successful operation of private mitigation banks by undercutting their ability to compete. Finally, it would give citizens the message that the NCWRP was sanctioning (through artificial price supports) the destruction of certain types of systems (here, wetlands and river corridors). Neither of these two scenarios would be satisfactory to NCWRP.

• PAYMENTS TO THE WETLANDS RESTORATION FUND

One of the reasons the Wetlands Restoration Program was established was to improve the ecological effectiveness of compensatory mitigation and to provide additional options for permit applicants to satisfy compensatory mitigation requirements associated with Section 404 permits and 401 Water Quality Certifications. One option now available to permit applicants is the payment of a fee to the Wetlands Restoration Fund. Utilization of this option relieves the permit applicant of the responsibility of designing and implementing a compensatory mitigation project and also allows the applicant to calculate the exact cost of complying with the compensatory mitigation requirement. Payment into the Fund allows the Wetlands Restoration Program to pool resources from a number of small projects in order to design and implement a project that is of sufficient size and located within the watershed to replace the lost wetland functions and values. A Schedule of Fees was established as a temporary rule by the Environmental Management Commission effective May 6, 1997. To date, nine payments totaling \$254,530 have been received.

Upon approval of a Memorandum of Agreement with the U.S. Army Corps of Engineers, most applicants for Section 404 permits and 401 Water Quality Certifications will be provided the opportunity to utilize this option as a means to satisfy compensatory mitigation requirements. However, no one will be required to utilize this option. Outlined below is the process that has been implemented for payments to the Fund.

Procedure for Payment to Fund

- Applicant applies for Section 404 permit and 401 Water Quality Certification.
- Agencies review application to determine if impacts can be authorized and to set the compensatory mitigation
- Applicant is informed of the Wetlands Restoration Fund and the Schedule of Fees and is provided with a form to send to the Wetlands Restoration Program if they choose to utilize the Fund to comply with the compensatory mitigation requirements.
- Upon receipt of completed form, the Wetlands Restoration Program sends the applicant an invoice.

¹ *Interclass* equity considerations relate to distinct classes within society. Issues to consider could include tax collection and the redistribution of wealth. In the case of payment by a private developer for compensatory mitigation, it is assumed here that the public should not subsidize private mitigation costs. It would not be equitable for the class of tax-paying non-applicants to have to pay for impacts for which the applicant class is responsible, since mitigation fees are calculated into the applicants' return on investment.

- Upon receipt of payment by the applicant, the Wetlands Restoration Program sends the applicant and permitting agencies notification that the compensatory mitigation requirement has been satisfied by payment to the Fund.

PROGRAM ADMINISTRATION AND BUDGET:

The Wetlands Restoration Program consists of eight staff members as outlined on the attached chart. An annual appropriation of \$500,000 has been provided by the General Assembly to support the staff for this program. This appropriation provides funds for travel, office space, equipment, printing and other needs of the program. As outlined below, these staff members are responsible for coordinating the development of restoration plans that will be used by several agencies, identifying partnerships and cooperative agreements that increase the amount of restoration that can be done with funds provided by the General Assembly, identification of specific sites for restoration, and oversight of contractors that are implementing restoration projects. All of the projects implemented by the WRP will be done through contracts with the private sector or as a contributing member of a partnership agreement with other state and federal agencies, local governments and nonprofit organizations.

Position Descriptions

Program Manager:

Ron Ferrell

This position is the direct supervisor of all staff and is responsible for coordinating all aspects of the NCWRP, a nonregulatory program for the acquisition, maintenance, restoration, enhancement and creation of wetlands and riparian areas. Duties include setting the goals of the program pursuant to the enabling legislation, development of rules to administer the program, providing options to satisfy compensatory mitigation requirements, review and approval of all contracts for restoration, ensuring that the funds appropriated for restoration activities are utilized in the most cost effective manner, and preparation and submittal of the annual report concerning the activities of the NCWRP.

Program Assistant

Carol Shaw

This position is responsible for the management of the budget and all administrative functions of the NCWRP. Management of the budget, the primary responsibility of the position includes tracking deposits to and disbursements from various accounts within the Wetlands Restoration Fund; preparing all internal departmental forms and paperwork associated with the development and approval of contracts for restoration activities; and managing the paperwork associated with conservation easements and the acquisition of property. This position is also required to interact with the public on a daily basis and provide information and guidance concerning the NCWRP.

Restoration Plan Development Coordinator:

Laura Jones

The enabling legislation for the Wetlands Restoration Program requires that restoration plans be developed for each river basin in the state and updated continuously in accordance with the established basinwide schedule. The primary responsibility of this position is the coordination of the development of the restoration plans through extensive coordination with

other sections of the Division of Water Quality and interaction with numerous states and federal agencies, local governments, conservation groups, developers, and others interested in the process. This position will provide The Geographic Information System (GIS) expertise for the NCWRP and will be responsible for transferring GIS analysis and research into the restoration plans. This position is responsible for managing the GIS technology needs of the program and ensuring that technology is properly incorporated into both the planning and implementation portions of the program. This position is also responsible for coordinating the daily activities of the Restoration Plan Specialists.

Restoration Plan Specialist:

Bonnie Nobori

The primary responsibilities of this position include assisting with the development of the methodology for selection of priority subbasins and watersheds that will be used in the development of Basinwide Restoration Plans. In addition this position is responsible for the economic analysis of various approaches to restoration planning and implementation, determining resource needs to accomplish the goals of the restoration plans, and preparing realistic recommendations concerning the funding levels needed to accomplish the goals of the restoration plans. These duties require extensive coordination with state and federal agencies and the private sector.

Restoration Plan Specialist:

Bonnie Mullen

The primary purpose of this position is to serve as the liaison between the NCWRP and other state and federal agencies, particularly those within the Department of Environment and Natural Resources. Input from these agencies is essential for the development of comprehensive restoration plans if the plans are to be of use to these other agencies. This position also works to improve and coordinate watershed analysis and planning techniques (including spatial analysis projects) to ensure that data and development needs of the Program are met, avoiding duplication of effort, and facilitating development of prompt and accurate data.

Project Implementation Coordinator:

Mac Haupt

The primary purpose of this position is to coordinate the implementation of restoration projects in accordance with the goals of the Basinwide Restoration Plans. This involves the identification of potential wetland/stream restoration sites and the review of site-specific restoration plans. In addition to the identification of sites the position is responsible for initial landowner contact for the acquisition of property either through an easement or fee simple purchase and the integration of local officials into all phases of the project for the purposes of design, construction, monitoring, and education. Other duties include the long term monitoring and management of the restored sites and the coordination of the activities of the Hydrologist and the Site Review Specialist.

Site Monitoring Specialist:

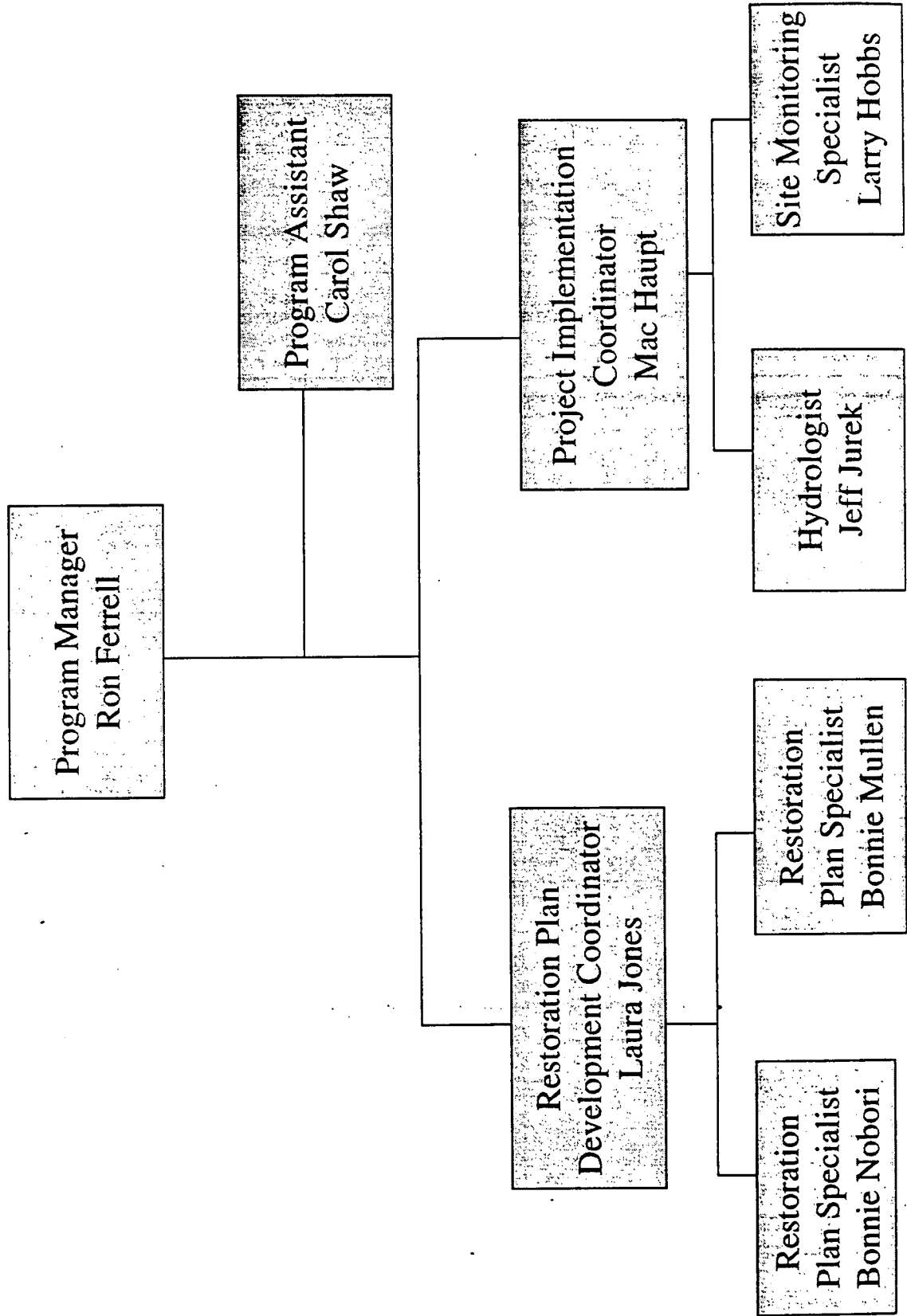
Larry Hobbs

The primary responsibility of this position is to provide expertise in the actual restoration/creation of wetland sites, monitoring the activities of contractors implementing restoration projects, and to assess the restoration potential of selected sites. This position is also involved with site selection, landowner contact and developing partnerships with other state and federal agencies. This position will be responsible for the development of long term monitoring and management strategies of restored sites.

Hydrologist:**Jeff Jurek**

The primary purpose of this position involves the technical review of restoration plans submitted by contractors. Proper restoration of hydrology is the most important factor associated with restoration of wetlands and careful review is required for successful implementation of projects. This position is responsible for assessing the restoration potential of the hydrology of each site as well as formulating hydrological success criteria for each project. In addition to specific wetland restoration activities, this position serves as a member of Mitigation Bank Review Teams, which guide private mitigation banks through a planning process and represents the Division of Water Quality.

NORTH CAROLINA WETLANDS RESTORATION PROGRAM



PROJECT EVALUATION:

The effectiveness of the Wetlands Restoration Program will be evaluated in a number of ways, one of which is the amount of acres restored each year. One of the objectives of the program is to achieve a net increase in the acres of wetlands and riparian areas in each of the 17 river basins in North Carolina. The NCWRP will track the loss of wetlands and riparian areas and will implement projects to offset these losses with the goal of achieving a net increase on an annual basis. The NCWRP was also established to provide a mechanism to replace the loss of wetland functions and values associated with small projects, which are not required to perform compensatory mitigation. The NCWRP will implement projects that will replace these wetland functions and values as a component of the restoration plan for each basin.

Another method of assessment of the effectiveness of the NCWRP is the improvement of water quality as indicated by the use support status of streams in the watersheds where NCWRP implements projects. Projects will be implemented in those watersheds that have degraded water quality. After implementation of restoration projects, these waters will be evaluated to determine if water quality improvement has occurred. It may take several years before the effects of these projects are reflected in the use support status of the stream. However, monitoring of the streams should indicate if the source of pollutant is being reduced as a result of these projects in a relatively short time frame (12-18 months after project completion).

FUNDING HISTORY:

As provided by the enabling legislation for the NCWRP, the Wetlands Restoration Fund was established as a nonreverting fund within the Department. The Fund is treated as a special trust fund and is credited with interest by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3. The Fund is a repository for appropriations from the General Assembly, monetary contributions, grants, and donations or dedications of interests in real property to promote projects for the restoration, enhancement, preservation, or creation of wetlands and riparian areas. In addition the Fund is a repository for payments made in lieu of compensatory mitigation requirements. Two funds have been established within the Fund to facilitate accounting and record keeping. Appropriations from the General Assembly for the purposes of restoring wetlands are deposited in fund 2980. Payments in lieu of compensatory mitigation requirements are deposited in fund 2981. The current status of each of these funds is outlined below.

These funds are not used for administrative purposes. These funds are only used for those purposes that are directly related to the acquisition, perpetual maintenance and management, and restoration of wetlands and riparian areas in accordance with the Basinwide Restoration Plans.

Fund #2980

Fiscal Year: 1996-97	Beginning funds	\$ 9,200,000.00
	Interest earned	\$ 98,314.73

Fiscal Year: 1997-98	Interest earned to date	<u>\$ 813,958.80</u>
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Total to date #2980 Fund	\$10,112,273.53
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Expenditures from Fund #2980
Fiscal Year 1997-98 to date

Research Triangle Institute	\$ 9,380.00
Piedmont Olsen Hensley	48,560.00
Division of Coastal Management	<u>149,687.00</u>

Total expenses and obligations to date	\$ 207,627.00
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Balance	\$ 9,904,646.53
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Fund #2981

Fiscal Year: 1996-97	Total fees received	\$ 18,000.00
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Fiscal Year: 1997-98	Total fees received to date	<u>\$ 264,030.00</u>
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Total fees received	\$ 282,030.00
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2/17/98

18

PROJECTS FUNDED:

Descriptions of each project are attached.

Research Triangle Institute

Development of a Digital Use-Support Data Layer

Piedmont Olsen Hensley

Development of a River Basin Restoration Assessment and Spatial Analysis Tool

NC Division of Coastal Management

Mapping Wetlands and Potential Restoration Sites in the Inner Coastal Plain

Descriptions of probable restoration projects that will be funded during FY97-98 are attached.

Howell Woods Wetlands Restoration Site, Johnston County

Upper Sharpes Creek Watershed Project, Statesville, Iredell County

Stevens Creek Watershed Project, Mint Hill, Mecklenburg County

NCWRP BASINWIDE RESTORATION PLAN DEVELOPMENT PROJECTS

PROJECT: Development of a Digital Use-Support Data layer

CONTRACTOR: Research Triangle Institute

PURPOSE: To create a GIS stream data layer that displays all use-support designations

- Need:**
1. Use-support data are stored in a non-GIS format
 2. Use-support data format is incompatible with wetland mapping applications
 3. Use-support data must be converted for spatial GIS analyses
 4. Use-support data are a necessary component of Basinwide Restoration Plan development
 5. Watershed assessments must evaluate water quality data
 6. Use-support designations represent Division's monitored and evaluated data

Summary: The purpose of this project will be to develop the relational digital database of use-support designation information that is needed in the Wetlands Restoration Program's watershed-based wetland mapping efforts. The digital data layer produced under this project will provide a critical base of information necessary for the successful completion of the 17 Basinwide Wetlands Restoration Plans for the State. By taking use support classification information maintained within the Division of Water Quality, and creating a digital spatial overlay, this project will provide the Wetlands Restoration Program with crucial water-quality related information in a Geographic Information System (GIS) format.

Additional Benefits: Digital use-support data (GIS format) is needed for other work performed by the Division of Water Quality and other agencies. For that reason, the Wetlands Restoration Program is working cooperatively with other members of the Division to ensure that this project produces a database which can be made available through the Center for Geographic Information and Analysis to all State agencies

Total Project Cost: \$9,380

PROJECT: Development of a River Basin Restoration Assessment and Spatial Analysis Tool

CONTRACTOR: Piedmont Olsen Hensley

PURPOSE: To create digital GIS wetland and riparian restoration site identification and prioritization maps to assess river basin restoration needs and support project implementation.

- Need:**
1. NCWRP must identify wetland and riparian sites to restore throughout state
 2. Basinwide Restoration Plan development is mandated
 3. Assessment of river basin restoration requires resource data analyses
 4. Large-scale multiple resource data analyses necessitates GIS capabilities
 5. Mandated Basinwide Restoration Plan goals for water quality, flood prevention, fisheries, wildlife habitat, and recreational opportunities require disparate data compilations

Summary: In order to develop the Basinwide Wetland Restoration Plans, it is essential that extensive resource information be compiled and analyzed using Geographic Information Systems (GIS) to evaluate existing resource conditions within each river basin and assess potential restoration sites. The purpose of this project is to develop the statewide GIS mapping system needed to develop the Basinwide Wetlands Restoration Plans. The GIS product completed under this contract will identify potential wetland and riparian area restoration sites and prioritize areas for restoration based on a variety of water quality and resource information. This project is the most crucial step in the development of the Basinwide Wetlands Restoration Plans. The Wetlands Restoration Program does not have the equipment or technical capabilities to process vast quantities of digital data for the entire State. Work completed under this contract will serve as guidance for all wetland and riparian area restoration performed by the Wetlands Restoration Program in each river basin. The mapping products produced in this project are needed by the Wetlands Restoration Program in order to select sites in which to perform wetland and riparian restoration work.

Additional Benefits: This project will provide NCWRP with a dynamic planning and implementation tool that will be beneficial for use in the development of Basinwide Water Quality Management Plans. The GIS system will also be useful to multiple agencies and organizations for resource management and restoration planning. NCWRP has to date received requests for use of the tool from six state and federal agencies.

Total Project Cost: \$48,560

PROJECT: Mapping Wetlands and Potential Wetland Restoration Sites in the Inner Coastal Plain

CONTRACTOR: Division of Coastal Management

PURPOSE: To develop detailed GIS maps and functional assessments of wetlands and potential wetland restoration sites of the inner coastal plain

- Need:**
1. Mapping and assessment techniques have been developed by DCM
 2. Due to the extent and nature of wetlands in the coastal plain, soils data are crucial to identifying potential restoration sites
 3. Soils data are not incorporated into the GIS basin mapping techniques due to a lack of GIS soils data on a state-wide basis
 4. Alternative data sources for wetlands mapping are inadequate in the coastal plain and misrepresent existing and former resources
 5. Prioritizations of restoration sites, field investigations, and project implementation are compromised when performed without soils information

Summary: The purpose of this project is to develop detailed wetland and potential wetland restoration site maps for the inner coastal plain. The results of this project will enable NCWRP staff to effectively identify and assess restoration sites in the inner coastal plain. Wetlands and potential wetland restoration sites of the outer coastal plain have already been mapped by DCM using soils data. DCM has developed GIS-based techniques for identifying wetlands and potential wetland restoration sites and for assessing the functional significance of existing wetlands and wetlands that might be restored on potential restoration sites. These methods prioritize restoration sites by their potential to perform specific wetland functions. Since DCM has the necessary GIS equipment, staff, and expertise for performing the data development, this project is being undertaken as a joint effort between DWQ and DCM.

Additional Benefits: The Divisions of Water Quality and Coastal Management have been working cooperatively for several years on the development of the NC Wetland Restoration Program (NCWRP). This project will further the cooperative relationship between the two agencies. The results of this project will be utilized by the Environmental Sciences Branch and the Center for Geographic Information and Analysis to produce an official State Wetlands Map which will be provided for use by all state agencies.

Total Project Cost: \$148,000

Howell Woods Wetland Restoration Site

Site Location: Johnston County, 5 mi. southeast of Smithfield.

Area Description: Howell Woods consists of 2846 acres of mainly bottomland hardwood with 250 acres of cleared field for crop agriculture. This large bottomland system was donated to Johnston Community College (JCC) by Rudolph Howell so it could be used to teach young people about the conservation of our natural resources. JCC is building an Environmental Learning Center on the property to serve both their students and the public.

The stream system in Howell Woods is part of the Hannah Creek Watershed which feeds into Mill Creek and eventually meets up with the Neuse River. Hannah creek is designated partially supporting with a fair biological rating. The stream adjacent to the cleared fields is channelized and seasonally floods the road system. The agricultural fields are prior-converted wetlands, both bottomland hardwood and freshwater marsh systems.

Project Objectives:

- Restoration of 10 acres of prior-converted agricultural fields back to bottomland wetland systems, reducing nutrient load by 750 lb/yr, serving as a filter for sedimentation, and improving wildlife habitat.
- Restore the channelized stream back to its natural sinuosity in order to minimize bank erosion by decreasing the stream's flow velocity.
- Provide education by using restored areas as demonstration sites to be utilized by students and the public.

Project Description: The intent of the project is to redirect the stream back to its original floodplain. By setting up various control structures, two areas of the field will be restored back to bottomland hardwood. Also with some grading, there will be an opportunity to introduce some freshwater marsh into the system. The work involved will entail reconstruction of parts of the road system and installation of three flashboard risers. There is also the possibility of enhancing an abandoned duck impoundment located on the agricultural field.

Organizations Involved: JCC; NCWRP; NC Wildlife Resources; NC Cooperative Extension; NC Forest Service; Natural Resources Conservation Service.

NCWRP's Role: NCWRP will restore the wetland system by installing water control devices, and will assist in the riparian plantings along the stream in the agricultural fields. NCWRP will also assist in monitoring the stream for changes in nutrient budgets as well as sediment loads.

Upper Sharpes Creek Watershed Project

Project Location: Statesville, Iredell County, NC

Area Description: Sharpes Creek Watershed is part of the Upper Yadkin Watershed. It flows into Fourth Creek and eventually into the Yadkin River. Fourth Creek, below Statesville, is designated partially supporting (PS) due to elevated levels of fecal coliform and sediment. Non-point source urban runoff has been determined by DWQ-Water Quality to be causing the impairment.

Site Description: Sharpes Creek Watershed drains an area of 1760 acres, situated in southeast Statesville. The focus of the project covers the upper 1.5 miles with a drainage area of 812 acres. Statesville utilizes the creek primarily for stormwater drainage from urban and residential areas. The creek is channelized and culverted through a large part of the urban area and has collapsing banks and downcutting of the streambed through the residential area.

Project Objectives:

- Implementation and evaluation of stabilization and revegetation of the portions of the stream bank that shows severe erosion.
- Installation and evaluation of stormwater controls implemented wherever possible to lessen stormwater impact upon the stream, decreasing fecal coliform input by 15%.
- Development of residential runoff educational programs to increase public awareness.

Project Description: Three water stilling basins will be constructed, slowing down stormwater, reducing fecal coliform and impacts on streambanks. Pre- and post-monitoring of sedimentation and fecal coliform will be done to measure the effects of the stilling basins. Also, the utilization of bioengineering techniques will provide for stabilization of the highly eroded streambanks. The use of live fascines, rootwads, and log spurs as an alternative to the traditional rip-rap will be stressed. Tree and shrub plantings along the creek will enhance the riparian area serving as a buffer to help capture and slow down residential runoff going into the stream, thus decreasing nutrients and sediment.

These sites can be used to demonstrate to schoolchildren and citizens how these projects help in improving water quality and reduce erosion in their streams. Schoolchildren can also benefit by helping in the monitoring of the creek.

Organizations Involved: North Carolina Cooperative Extension, Iredell Co.; DWQ-319 Program and NCWRP; City of Statesville; Keep Iredell Co. Clean & Beautiful;

NCWRP's Role: In addition to being involved with the planning and implementation of the project, NCWRP will help design and direct the stream restoration and riparian planting aspects of the project. The City of Statesville wants to construct a greenway on part of this creek and NCWRP will assist in the design of the system.

Stevens Creek Watershed Project

Project Location: Mint Hill, Mecklenburg County, NC

Area Description: Stevens Creek is a part of the Goose Creek Watershed, which is located in Mecklenburg and Union Counties. Goose Creek flows into Rocky River and then into the Pee Dee River. Goose Creek has received a poor bioclassification as well as showing an exceedence in both fecal coliform and turbidity. DWQ-Water Quality has given Goose Creek a non-supporting (NS) classification. Also, the Carolina Heelsplitter (*Lasmigona decorata*), a federally and state endangered freshwater mussel, is found in the two non-supporting sections of Goose Creek.

Site Description: Stevens Creek, a 4.4 mile tributary of Goose Creek, is located in southeast Mecklenburg Co. The Stevens Creek Watershed drains approximately 715 acres in primarily residential and agricultural land.

Project Objectives:

- Reduce peak flows and pollutants in stormwater runoff from residential land, reducing fecal coliform by 15-20%.
- Community education to reduce pollutants in runoff from the use of household and lawn chemicals.
- Improvement of streambanks through stabilization, riparian plantings, and fencing out livestock from streams on agricultural land, which will reduce sedimentation in the stream.

Project Description: A large residential community in the watershed has eight stormwater structures draining into Stevens Creek. These structures will be modified, using bioretention methods as an alternative to the current rip-rapped ditches. This community has a small wastewater plant discharging directly into the creek. A raingarden, an upland bioretention area, will be constructed to which wastewater will be routed to assist in catching the pollutant before it reaches the stream.

There is a highly eroded 100 ft. stretch of the creek, running through a livestock farm where stabilization techniques, riparian plantings, and some fencing will be utilized to protect the creek. Monitoring will include biological, chemical, and physical assessments. Post-monitoring will be done four times per year.

Organizations Involved: NC Wildlife Resources; DWQ-319 Program and NCWRP; Mecklenburg Co. Environmental Protection; Mecklenburg Co. Cooperative Extension; Mecklenburg Co. Soil and Water District; Town of Mint Hill; USFWS.

NCWRP's Role: NCWRP will lead the team involved with stream stabilization techniques and riparian plantings, creating a buffer zone in both the residential and agricultural land areas. NCWRP will also lend its expertise in planning for the bioretention sites for detention of stormwater.

North Carolina Wetlands Restoration Program

The North Carolina Wetlands Restoration Program (NCWRP) is an innovative, nonregulatory program that was established by the North Carolina General Assembly in 1996 to restore wetlands, streams and streamside (riparian) areas throughout the state. The NCWRP is a section of the Division of Water Quality in the Department of Environment and Natural Resources.

The Goals of NCWRP

- To restore functions and values lost through historic, current, and future wetland impacts.
- To achieve a net increase in wetland acres, functions and values in all of North Carolina's major river basins.
- To provide a consistent approach to address mitigation that may be required by law when dredging or filling of wetlands is authorized.
- To increase the ecological effectiveness of required wetlands mitigation, and to promote a comprehensive approach to the protection of natural resources.

A Watershed Planning Approach: Basinwide Restoration Plans

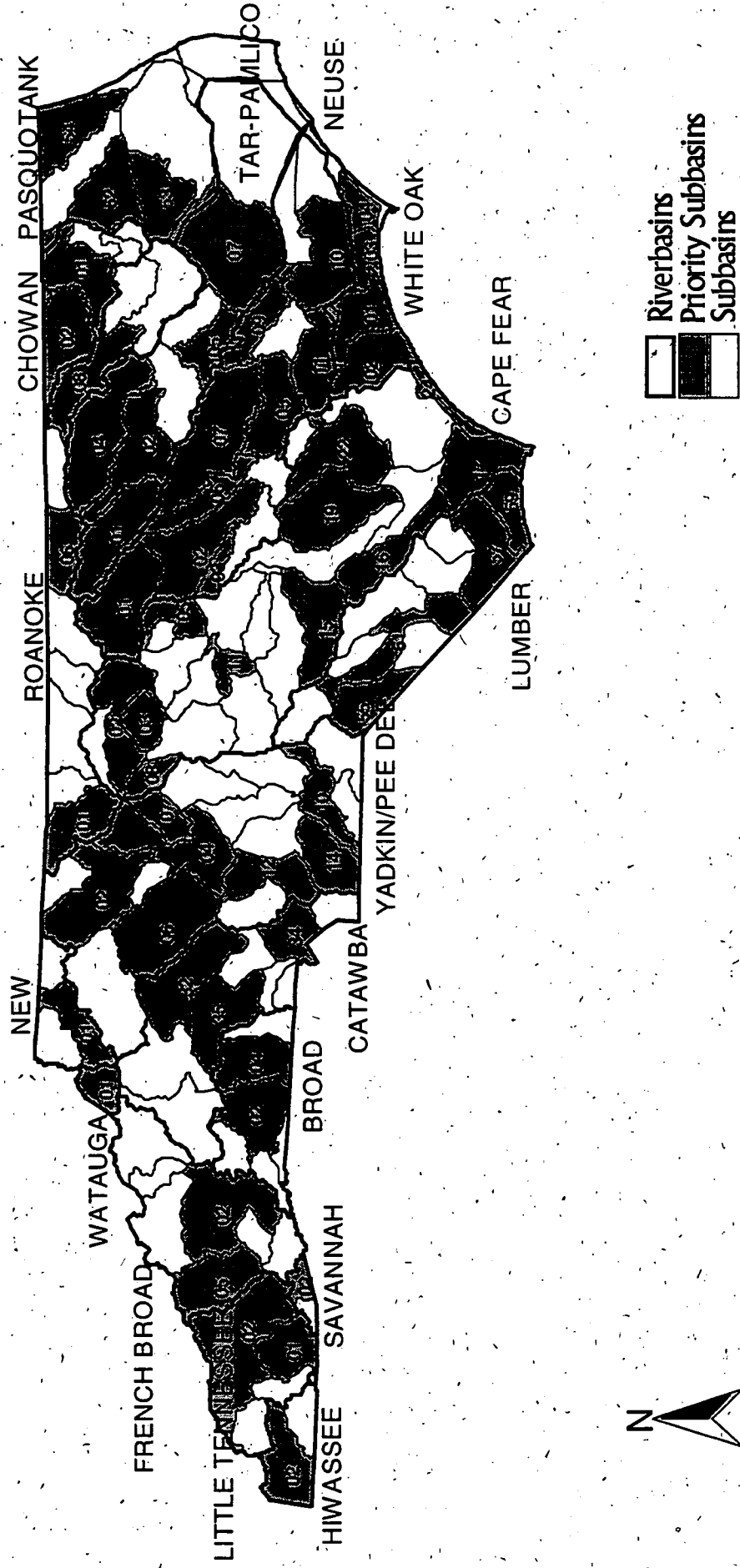
To accomplish these goals, the NCWRP will develop Basinwide Restoration Plans to plan and implement restoration activities.

A Basinwide Restoration Plan will be produced for every river basin to identify priority watersheds and priority sites in need of restoration (see map, NCWRP Priority Subbasins). The restoration of these areas will replace lost wetland and riparian functions.

This approach will provide a watershed-based strategy for protecting and improving water quality, flood prevention, fisheries, wildlife habitat, and recreational and educational opportunities.

For more information about these topics or the North Carolina Wetlands Restoration Program, please write to: North Carolina Department of Environment and Natural Resources, Division of Water Quality, North Carolina Wetlands Restoration Program, P.O. Box 29535, Raleigh, NC, 27626-0535, or call 919/733-7015, ext. 250.

NCWRP Priority Subbasins for Wetland Restoration



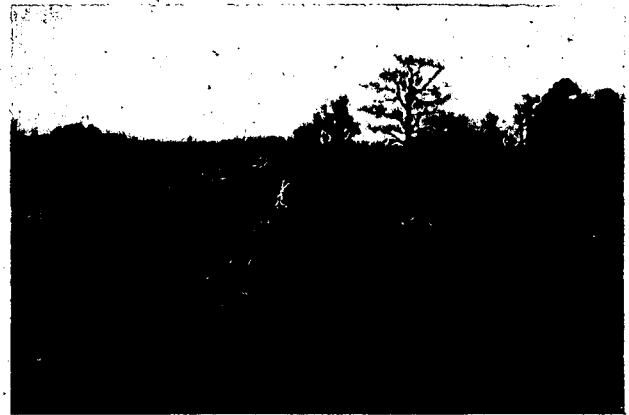
North Carolina Wetlands Restoration Program (NCWRP)

Primary Role of the Implementation Component of NCWRP:

- Site identification
- Landowner contact/land acquisition
- Restoration plan review
- Project construction oversight
- Monitoring and report generation

Site Identification: NCWRP is focusing on the following types of sites in the search for wetland, riparian and stream restorations that are consistent with the guidelines developed in the Basinwide Restoration Plans:

- 1) Channelized streams bordered by previously converted agricultural land;
- 2) Areas in the headwaters of a watershed which have been altered (clear cut, farmed, channelized, ditched); and
- 3) Any streams that are degraded in some ways (bank erosion, channelized, lack of vegetated buffer, heavy sediment deposition).



In site selection NCWRP looks for: the opportunity to improve water quality (reduce runoff, nutrient load and sediment loss); the opportunity to enhance wildlife habitat improvement (both terrestrial and aquatic)

Long term management is a component of NCWRP. This involves protecting the property involved in the project in perpetuity through either fee simple purchase or a conservation easement.

For specifics about the implementation component of the NCWRP contact:

Mac Haupt	(919) 733-5083, ext 251	Fax#: (919) 733-2496
Larry Hobbs	(919) 733-5083, ext 254	
Jeff Jurek	(919) 733-5083, ext 253	

Attachment J

**NORTH CAROLINA
PARKS AND RECREATION TRUST FUND**

General Program Description

General Program Description

The North Carolina Parks and Recreation Trust Fund (PARTF) was established by the North Carolina General Assembly on July 16, 1994. The General Assembly gave an initial appropriation of \$1 million to PARTF for state parks and for a local governments' matching grants program. In 1996, funds from the excise stamp tax were dedicated to the trust fund. The Parks and Recreation Authority, an eleven-member board, was also created to allocate funds from PARTF to state parks and to the local government grants programs.

The excise tax is the primary funding source for PARTF. The tax is levied on each "deed, instrument, or writing by which interest in real property is conveyed to another person." The tax is levied at the rate of one dollar on each \$500 of the interest or property conveyed. Each county remits one-half of the proceeds, less the county's allowance for administrative expenses, to the state. Effective July 1996, the General Assembly (G.S. 105-228.30) stipulated that a portion of the state's share would be allocated to PARTF. Of the funds remitted, the Department of Revenue credits seventy-five percent to the Parks and Recreation Trust Fund and twenty-five percent to the Natural Heritage Trust Fund.

Pursuant to G.S. 113-44.15, the monies from the Parks and Recreation Trust Fund are to be allocated as follows:

- (1) Sixty-five percent (65%) for the State Parks System for capital projects, repairs and renovations of parks facilities, and land acquisition.
- (2) Thirty percent (30%) to provide matching funds to local governmental units on a dollar-for-dollar basis for local park and recreation purposes.

Eligible Applicants: All counties and incorporated municipalities are eligible for funding

Eligible Projects: Local governments can request PARTF assistance for the following purposes: land acquisition, renovation, and construction projects.

Matching Requirement: All grants awarded from the Parks and Recreation Trust Fund must be matched dollar-for-dollar by the local government. Local government funds can exceed the PARTF grant amount.

(3) The Parks and Recreation Authority transfers five percent of the PARTF revenues to the Division of Coastal Management on a quarterly basis. The Division of Coastal Management distributes these funds to grant recipients according to criteria approved by the Coastal Resources Commission. Grants are awarded for the Coastal and Estuarine Water Beach Access Program.

(4) No more than three percent (3%) may be used by the Department of Environment and Natural Resources for the operating expenses associated with managing capital improvements projects, acquiring land, and administering the local grants program.

Overview of Governing Authority

North Carolina Parks and Recreation Authority

The North Carolina Parks and Recreation Authority was created by the General Assembly with the Authority's powers and duties becoming effective July 1, 1996. Three members, including the chairperson, are appointed by the Governor, four members are appointed by General Assembly upon the recommendation of the President Pro Tempore of the Senate, and four members are appointed by the General Assembly upon the recommendation of the Speaker of the House.

The Authority is charged with six powers and duties: to receive public and private donations and funds for deposit into the trust fund; to allocate funds for land acquisition; to allocate funds for capital projects; to solicit financial and material support; to develop effective support for parks and recreation; and to advise the Secretary of DENR on any matter he may refer to the body.

Members are appointed for two year terms and may serve no more than two consecutive terms.

William Veeder, Chairman
Vance County, 6/98

Karen E. Gottovi
New Hanover County, 6/98

John D. Runkle
Orange County, 6/99

Roy Alexander
Mecklenburg County, 6/98

Troy Boyd
Pasquotank County, 6/98

Tom Garrison
Stanly County, 6/98

Kathy Sherron
Wake County, 6/98

Robert Horton
Moore County, 6/98

Drane McCall
Forsyth County, 6/98

Ann Babcock
Transylvania County, 6/98

Glenn Pope
Sampson County, 6/98

**Application Process
Project Selection
Local Government Grants Program**

Announcement letters - An announcement letter describing the funding schedule and how to apply is mailed to all eligible applicants in August. Local governments receive applications and assistance with completing the applications from regional park and recreation consultants.

Application deadline - Applications are due to the Department by 5:00 pm on March 2. Local governments may request a maximum of two hundred fifty thousand dollars (\$250,000) in PARTF assistance with each application.

Evaluation of applications - Each completed application is evaluated by the Department or its designee on the information provided in the application. The following general criteria is used to evaluate projects. These criteria were developed through a series of six public meetings held across the state in 1995.

- (1) New public recreation facilities provided by the project;
- (2) The degree of local recreational planning for the project and how the specific elements in the project conform to the plan(s);
- (3) The acquisition or the conservation of unique natural, cultural, recreational, or scenic resources;
- (4) The level of public involvement in developing and supporting the project;
- (5) The applicant's commitment to operating and maintaining the project;
- (6) The suitability of the site for the proposed project development;
- (7) The level of compliance with prior grant agreements; and
- (8) Other factors, such as the geographic distribution of projects, the presence or absence of other funding sources, and the population of the applicant, may also be considered by the Authority in its funding decisions.

Selection of Grant Recipients - The Parks and Recreation Authority meets in May or June to select grant recipients. The Authority reviews the project evaluations and other relevant data prepared by the applicant and by Division staff. The Authority approves projects for funding by voting.

**Project Selection
State Parks System
Capital Improvement Projects**

The 1987 State Parks Act stipulates that a general management plan and a comprehensive five-year plans are to be developed for each state park unit. The plans contain priorities for capital improvements and land acquisition as well as a summary of natural heritage values, natural and resource concerns. The capital improvement report includes a summary of new facility needs, road improvement needs, facility maintenance and renovation needs, accessibility needs, and utility repair and renovation needs. In compliance with the Environmental Policy Act, an environmental document is prepared for capital improvement projects and is forwarded to the state clearinghouse for wider review.

The Project Evaluation Program (PEP), adapted from a National Park Service model, creates a numerical ranking of all capital improvement projects (such as campgrounds or visitor centers) proposed for the state parks system. These rankings create more objective priorities than do rankings established without PEP. This ranking, however, is only one consideration in deciding which projects will be funded and built. Other considerations include whether the state currently owns the land where the project will be built, how much money is available, and legal requirements such as health and safety codes.

1. Project Objectives: A group of Division managers evaluate each project to insure that it is ranked fairly and objectively. The method of calculating capital improvement project rankings consists of four factors: 1) the project objective, 2) the justification (or urgency) for funding, 3) the estimated annual number of visitors and/or employees affected by the project, and 4) the project's significance.

There are 15 project objectives; each project can have a primary and secondary objective. The objectives are:

Public Health
Fire Hazard/Safety
Protection of Resources
Protection of Investment
Maintain Visitor Services
Concession Contract
Energy/Cost Savings
Improve Visitor Services

Accessibility
Improve Appearance
Improve a Support Service Facility
Other Legal Requirements
Control of Pollution
Other Requirements
Enhance Visitor Understanding

2. **Urgency for Funding:** The project's justification or urgency is the second factor. Seven levels of urgency are described for each of the 15 objectives, from a "0" (no urgency) to a "6" for a project with immediate and drastic impact.

3. **Visitation:** The estimated number of persons affected annually by the scope of each project is the third factor. For example, a campground road or water system would affect the number of people who could use the campground each year. A ranger residence would affect only the ranger and the ranger's family.

4. **Project Significance:** A significance factor, ranging from local to national, is selected for each project objective. Most parks are of state significance, although some projects to protect natural or cultural resources are deemed to be nationally significant.

**Project Selection
State Parks System
Land Acquisition Projects**

The Land Evaluation and Acquisition Program (LEAP) was developed in 1991 as a way to set land acquisition priorities across the state parks system. It is fairly straight-forward to develop a priority list with a park that the staff of the Parks and Recreation Division agree upon. However, it is more difficult to set priorities across the system, i.e., to compare needs between parks. LEAP is a way that the Division can quantify professional opinions to enable comparison between parks. It has six main objectives.

Objectives

1. **Primary Resource Protection:** The primary feature or resource is the focal point of the park unit. Examples include Stone Mountain and its environs, and the waterfalls such as High Shoals Falls at South Mountains State Park.
2. **Elimination of Inholdings:** Inholdings are private property surrounded by park land on at least two sides and/or that have access across park land. Inholdings required access and access opens park areas that are usually not easily reachable. Inholdings can cause operational problems such as public safety concerns when hunting is allowed on an inholding. Inholdings and what is done with the land can intrude on the solitude and natural resource beauty of a park.
3. **Scenic Resource Protection:** Scenic qualities are very important to park visitors. The founding principles of the state parks were based on scenic resources. Views along rivers including those both within a park and those that are visible from the park. At Eno River State Park, the Division has worked to acquire all the land that is visible from the river and along side of the river.
4. **Protection of Water Quality:** Water is a biological and recreational resource. We want clean water for swimming and fishing. Through recent acquisitions at Cliffs of the Neuse State Park, the Division has acquired have most of the watershed for the swim lake to protect it from adverse land uses.
5. **Land for Facilities:** The state acquires land to put park amenities that is not on the central resource of the park. For example, it is necessary to have the ability to provide public access for water based activities such as canoeing and canoe camping like the site at New River State Park. These access sites were acquired in the 1970's and developed in the 1980's. We acquire land to provide activities such as swimming. At the Duke Power State Park, the existing site suffers from poor water quality. Land is acquired to provide other facilities such as individual and family picnic sites, tent and trailer campgrounds, and support facilities like visitor's centers.

6. Buffers for Land Management and Protection: A buffer physically separates the main or central resource from non-park activities such as a logging operation. A buffer allows us to place facilities away from park boundaries. Also, buffers provide space to perform resource management activities. An example would be prescribed burn units for natural community management. Many of the natural communities in the parks require fire their health. A buffer allows for logical burn unit boundaries which enable better burns with less risk to adjacent land owners or park facilities.

Urgency

The second factor in LEAP is urgency. With land for facilities, the Division ask when is the facility likely to be needed and where is it ranked on the PEP list. Other factors affecting the urgency of land acquisition is the likelihood of change in the land use. For example, is logging, subdivision or other development imminent?

Landowner Willingness

A third factor in land acquisition priorities is the landowner's willingness to sell. This can change quickly, is difficult to quantify, and thus is not included in the LEAP computer ranking program.

State Parks System Project Selection

The Division of Parks and Recreation reviews capital improvement priorities and land acquisition priorities for the state parks system and then recommends projects to the Parks and Recreation Authority for approval. The Authority reviews the projects requested by the Division and then votes to approve, or not approve, each project.

Program Administration and Budget

Program Administration

As established in G.S. 113-44.5, up to 3% of PARTF monies may be used by the Department of Environment and Natural Resources for operating expenses associated with managing with managing capital improvements projects, acquiring land, and administering the local grants program.

Local Government Grants Program

Central administration of the local government portion of PARTF is housed in the Planning and Natural Resources Section of the N.C. Division of Parks and Recreation. A grants manager and administrative assistant handle the day-to-day program responsibilities. The administrative assistant also provides staff support to the Parks and Recreation Authority.

Field administration of the PARTF local grants program is the responsibility of Recreation Resources Service (RRS) as part of a contract with the Division. Recreation Resources Service is part of the Department of Parks, Recreation and Tourism Management at North Carolina State University. Six regional park and recreation consultants serve as the initial point of contact for local governments. The consultants conduct an application workshop for and provide ongoing technical assistance to local governments. Additionally, the consultants evaluate grant applications and inspect PARTF projects to insure a local government's compliance with the terms of its contract with the state. Two of the six regional consultants are funded with PARTF revenues.

State Parks System

Currently, six positions within the Division are funded with PARTF revenues to assist in managing capital improvement and land acquisition projects.

PARTF Administrative Expenditures for Fiscal Year 1996-97

Parks and Recreation Authority expenses	\$ 15,220
Contracted Services (NCSU Recreation Resources Service)	\$121,890
Division of Parks and Recreation Positions and Expenses	\$166,712
Administrative Assistant	
Construction Project Manager (2)	
Environmental Review and Compliance for Construction Specialist	
Land Acquisition Specialist	
Computer Mapping and Database Specialist	
Exhibit Design Technician	
TOTAL	\$303,822

Project Evaluation

Project Evaluation

Local Government Grants Program

Project Agreement

The Parks and Recreation Authority reviews staff evaluations of grants applications as well as other data and selects which local government projects will be funded. A contract is signed between the grant recipient and the Authority on behalf of the Department. The agreement defines the Department's and the grant recipient's responsibilities and obligations, the project period, project scope, and the amount of grant assistance. A grantee has two years in which to complete a project. Projects may not begin until the grantee has signed the project agreement.

Site Control

Administrative rules and the project agreement require the grantee to maintain and manage the project for a minimum of 25 years. Land acquired with PARTF assistance must be dedicated in perpetuity for local park and recreation purposes. Any lease agreements must extend for a minimum of 25 years.

Inspections

Regional consultants conduct a least one progress inspection during the grantees two-year project completion period. Once a project is completed, the consultant conducts a close-out inspection of the project to insure compliance with the grant agreement. The consultants send the progress reports and close-out inspection reports to the PARTF staff. Grantees are responsible for conducting periodic inspections (at least once every five years) to ensure compliance with the grant agreement. The grantee submits an inspection form with an affidavit verifying its contents to the PARTF program office. The regional consultants conduct random inspections to verify the grantees continued compliance with the project agreement.

Accounting

Grantees are required to keep complete accounting records including data sheets and performance reports verifying eligible costs. The grantee is required to submit these records to the Division for approval prior to or at the time of the close-out inspection. The Division reviews the records and approves the accounting when the records are consistent with the project agreement and budget.

State Parks Projects

All state park land acquisition, capital improvement construction and renovation projects must comply with the regulations and standards of the State Property Office and the Office of State Construction.

Funding History

Funding History

Fiscal Year 1994-95

The Parks and Recreation Trust Fund (PARTF) was created during the 1994 session of the General Assembly. The General Assembly gave an initial appropriation of \$1 million to PARTF for state parks and for a local governments' matching grants program. Of the funds available, twenty percent (20%) were allocated to local governments for the dollar for dollar matching grants program. Seventy percent (70%) of the remaining funds were allocated to the state parks system and five percent (5%) to the Coastal and Estuarine Water Beach Access Program.

Table 1 shows the general fund appropriation placed into the Parks and Recreation Trust Fund and the allocation by program for fiscal year 1994-95.

Table 1 Parks and Recreation Trust Fund (PARTF) Distribution of Revenues for Fiscal Year 1994-95	
Program	Amount
Public Beach and Coastal Waterfront Access Program	\$50,000
State Parks System	\$750,000
Local Governments Grants Program	\$200,000
TOTAL	\$1,000,000

Funding History

Fiscal Year 1996-97

In 1995, the General Assembly passed legislation to dedicate 75% of the state's share of the excise tax on deed transfers to the Parks and Recreation Trust Fund and 25% to the Natural Heritage Trust. Fiscal year 1996-97 was the first year that the two trust funds used the dedicated funding source. Table 2 shows the revenues received into the Parks and Recreation Trust Fund and the allocation of revenues by program for fiscal year 1996-97.

Table 2 Parks and Recreation Trust fund (PARTF) Distribution of Revenues for Fiscal Year 1996-97			
Item		Amount	Percent
1996-97 PARTF Revenues		\$18,057,792	100%
Public Beach and Coastal Waterfront Access Program (5%)		\$902,890	5.00%
Local Governments Matching Grants Program (30%)		\$5,403,131	29.92%
State Parks System (65%)		\$11,447,949	63.40%
Capital Improvement & Renovation Projects	\$8,013,565		
Land Acquisition	\$3,434,385		
Administrative Expenses (3%)		\$303,822	1.68%
Recreation Resources Services Contract	\$121,890		
Division of Parks & Recreation and Park Authority	\$181,932		

Projects Funded

Projects Funded

Local Government Matching Grants Program

In fiscal year 1994-95, \$200,000 was available for the local grants program. Forty-nine applications for requests totaling \$1.5 million, and matched by nearly \$7 million in local dollars, were received. A local government was allowed to request a maximum of \$50,000 per application. Five applications were approved for funding by a committee including park and recreation professionals, representatives from the League of Municipalities and the Association of county Commissioners, a former county commissioner, and Division staff. Table 3 is a list of the projects approved for funding from the fiscal year 1994-95. The table is organized alphabetically by county.

Table 3 Fiscal Year 1994-95 Parks and Recreation Trust Fund Local Government Matching Grants Awarded			
Project Name	Applicant	PARTF Funds	Project Summary
Camden Community Park	Camden County	\$50,000	Initial development on 7 acres of school property will include two basketball/volleyball courts playground, fitness trail, three local fields, concession/toilet building, fencing and site preparation.
Southern District Park	Cleveland County	\$50,000	Acquire 423 acres and develop a greenway and fishing platforms along the Broad River.
Cabin Lake Recreation Area	Duplin County	\$49,707	Initial development of a 194 acre regional park will include a picnic shelter, playground, fishing pier, trail, parking lot, road, gate, signs and landscaping.
Dillsboro River Park	Dillsboro (Jackson County)	\$10,000	Initial development on a 1.1 acre site will include a playground, picnic area, fishing deck, parking lot, road, landscaping and site preparations.
Frazier Park Renovation	Mecklenburg County	\$40,000	Renovate an existing 12 acre park to include bleachers, benches, grills, two multi-purpose goals, playground and paths, renovation of a softball field.
TOTAL		\$200,000	

**Projects Funded
Local Government Matching Grants Program**

In fiscal year 1996-97, the Parks and Recreation Authority reviewed 121 projects and awarded 53 grants for a total of \$5,403,131. Table 4 is a list of the projects approved for funding from the fiscal year 1996-97 Parks and Recreation Trust Fund revenues. The table is organized alphabetically by county.

Table 4 Fiscal Year 1996-97 Parks and Recreation Trust Fund Local Government Matching Grants Awarded			
Project Name	Applicant	PARTF Funds	Project Summary
Tate Evans Park Expansion	Banner Elk (Avery County)	\$7,400	Acquisition of 3.96 acres adjacent to an existing 2.8-acre park site.
Chocowinity Recreation Complex	Chocowinity (Beaufort County)	\$70,130	Initial development on a 27-acre site will include picnic shelters, ballfields, playground, and parking area.
Windsor Boat Ramp	Windsor (Bertie County)	\$10,000	Development on a 6.23-acre site will include parking lot and an accessible boat ramp.
Jesse R. Caison Park	Varnamtown (Brunswick County)	\$ 62,365	Initial development on a 3.3-acre site will include a softball field, basketball court, horseshoe courts, picnic shelter, playground, and shuffleboard court.
Stephens Lee Recreation Center Renovation	Asheville (Buncombe County)	\$250,000	Development on a 3.155-acre park will include renovating an existing community center to provide fitness room, multi-purpose room, passive recreation room, new gym floor, kitchen, offices, and fencing.
Curtis Perry Park Renovation	Beaufort (Carteret County)	\$15,000	Renovation on an existing site will include resurfacing tennis courts, lighting and fencing tennis and basketball courts, and parking lot.
Newport Town Park	Newport (Carteret County)	\$20,000	Continuing development on a 16-acre site will include accessible walkway and playground.

Table 4
Fiscal Year 1996-97
Parks and Recreation Trust Fund
Local Government Matching Grants Awarded

Project Name	Applicant	PARTF Funds	Project Summary
Maiden Fitness Trail	Maiden (Catawba County)	\$1,513	Development on an 8.5-acre school site will include multi-purpose fields and a walking trail.
River Bend Park	Catawba County	\$206,954	Initial development on a 455-acre site will include trails, fishing platforms, observation decks, benches, open play areas, access road, parking lot, canoe access, and picnic shelter/office/restroom building.
Coke Avenue Park	Edenton (Chowan County)	\$63,000	Initial recreation development on a 5.63-acre site will include soccer/football fields, fitness trail, restroom/ concession stand, lighting and fencing.
Veterans' Recreation Park	Clay County	\$250,000	Initial development on a 21.5-acre site will include ballfields, picnic shelter, restrooms, concession building, basketball court, trail, access road, parking, utilities, & site preparation.
Lattimore Greenway	Lattimore (Cleveland County)	\$19,056	Acquisition of 1.415 acres and development including gazebo, walking trail, benches, lighting, landscaping and parking.
Elizabeth Brinkley Memorial Park	Columbus County	\$29,925	Development on a 6.6-acre site will include tennis courts, playground, concession/press box, lights for ballfield, signs, and site preparation.
Creekside Park	Craven County	\$250,000	Initial recreation development on a 109-acre site will include youth ballfields, softball fields with lighting, picnic shelter, restroom/concession building, playground, signs, utilities, and landscaping.

Table 4
Fiscal Year 1996-97
Parks and Recreation Trust Fund
Local Government Matching Grants Awarded

Project Name	Applicant	PARTF Funds	Project Summary
Maple Park	Currituck County	\$250,000	Initial development on a 19.15-acre site will include picnic shelter with restrooms, gazebos, softball field, playground, basketball court, volleyball courts, horseshoe courts, badminton court, trail, signs, parking lot, walkways, utilities, and site preparation.
Campbell Community Center Expansion	Wallace (Duplin County)	\$130,000	Additions to an existing community center will include senior citizen room, handball/racquetball court, kitchen, restroom/locker room, concessions, lobby and office space.
Shallowford Square	Lewisville (Forsyth County)	\$250,000	Initial development on a 2.65-acre site will include an amphitheater, playground, trail, overlook, landscaping, site preparation, benches, and lighting.
Washington Park	Winston-Salem (Forsyth County)	\$125,000	Continuing restoration on a 74.99 acre park will include a soccer field, volleyball courts, amphitheater, boardwalk, pond and walking paths
River Street Park	Mount Holly (Gaston County)	\$30,389	Initial development on a 10.8 acre site will include a fishing pier, canoe launch, trail, picnic shelter and swings.
Gates County Recreation Program	Gates County & Gates County School Board	\$106,000	Initial development on a 14 acre site will include ballfields, volleyball courts, horseshoe courts, tennis courts, trails and restroom.

Table 4
Fiscal Year 1996-97
Parks and Recreation Trust Fund
Local Government Matching Grants Awarded

Project Name	Applicant	PARTF Funds	Project Summary
Washington Terrace Park	High Point (Guilford County)	\$200,000	Continuing renovation on a 25.53-acre park will include a community building, picnic shelters, shuffleboard courts, horseshoe courts, walking trail, greenway section, landscaping, parking lots, signs, and lighting.
Halifax Recreation for Family Development	Halifax County	\$248,978	Initial development on a 26.62-acre site will include a swimming pool, recreation building, fishing/boating pond, and parking lot.
Bethel Community Track	Haywood County	\$ 7,950	Initial development on a 4.78-acre site will include walking track, exercise stations, horseshoe courts, and walkways.
Fletcher Town Park	Fletcher (Henderson County)	\$250,000	Initial development on 59.85-acre site will include ballfields, concession/restroom/storage building, soccer fields, playground, walking trail, benches, signs, landscaping, and site preparation.
Ponzer Community Park	Hyde County	\$65,000	Initial development on a 7.2 acre site will include a community center, picnic shelter, playground, trail, parking and site preparation.
Stumpy Creek Park	Iredell County	\$250,000	Initial development on 83-acre site leased from Duke Power Company will include soccer fields, ballfields, picnic shelter with restrooms, storage, and concession area, open play area, parking lots, site preparation, and utilities.
San Lee Land Acquisition	Lee County	\$ 52,375	Acquire 27.8 acres adjacent to San Lee Park.
Tennis Court Project	Highlands (Macon County)	\$ 16,993	Continuing development on a 35-acre site will include tennis courts, multi-purpose court and fencing.

Table 4
Fiscal Year 1996-97
Parks and Recreation Trust Fund
Local Government Matching Grants Awarded

Project Name	Applicant	PARTF Funds	Project Summary
Sandi Andrews Memorial Park	McDowell County	\$15,800	Continuing development on a 10.31-acre site will include picnic shelters, signs, and ballfield lighting.
Davidson Pond	Davidson (Mecklenburg County)	\$ 77,358	Phase II development on an 18-acre park will include a walking/interpretive trail, playground, picnic area, foot-bridge/fishing pier, landscaping, signs, site preparation, storm drainage, erosion control, & trash receptacles.
Walking Trail	Biscoe (Montgomery County)	\$21,042	Development on a 20 acre park will include a one-half mile walking trail with lights.
Hillcrest Park	Moore County	\$250,000	Initial development on a 42-acre site will include athletic fields, playground, volleyball courts, trail, picnic areas, parking, fencing, signs and landscaping.
Milliken Community Park	Robbins (Moore County)	\$191,843	Development on a 4.16-acre park will include ballfields, multi-purpose court, tennis court, picnic shelters, horseshoe courts, tot lot, concession/restroom building, greenway, parking areas, signs, and site preparation.
Occoneechee Mountain Park	Hillsborough (Orange County)	\$ 31,500	Initial development on 28-acre site will include an observation deck, trail, picnic tables, signs, gates, bike rack, display, trash receptacles, entrance road, and parking lot.

Table 4
Fiscal Year 1996-97
Parks and Recreation Trust Fund
Local Government Matching Grants Awarded

Project Name	Applicant	PARTF Funds	Project Summary
Fun Junktion Park	Pasquotank County	\$96,150	Initial development on a 67-acre site will include picnic shelters, swimming area, playground, volleyball courts, basketball courts, fitness trail, fishing piers, horseshoe courts, mini-marina, pavilion with restrooms, and a concession building.
Winfall Landing Park	Winfall (Perquimans County)	\$20,950	Initial development on a 3.4 acre waterfront site will include a picnic shelter with restrooms, playground, boardwalk and widening the canal.
Person County Family Fitness Center	Person County	\$250,000	Initial development on a 4.78 acres site will include an indoor recreation complex with swimming pool, gymnasium, rock climbing wall, jogging track, racquetball courts, weight room, classrooms and sauna.
Creekside Park	Archdale (Randolph County)	\$ 78,670	Continuing development on 43-acre site will include bicycle trail, nature trail, pedestrian tunnel, shuffleboard courts, horseshoe courts, lighting, signs and benches.
Idol Park	Madison-Mayodan (Rockingham County)	\$ 50,000	Acquire 9.153 acres and develop a greenway, playground, and picnic shelter.
Expansion of Bakers Creek Greenway Park	Kannapolis (Rowan County)	\$29,750	Acquisition of 2.6 acres and continuing development will include a soccer field, playground, trail, picnic shelter, volleyball court, horseshoe courts, and restrooms.

Table 4
Fiscal Year 1996-97
Parks and Recreation Trust Fund
Local Government Matching Grants Awarded

Project Name	Applicant	PARTF Funds	Project Summary
Rockwell Park	Rockwell (Rowan County)	\$ 50,000	Continuing development on 13.5-acre park will include a basketball court, soccer field, softball field, volleyball court, horseshoe courts, playground, restroom/concession building, picnic shelters, trail, parking lots, signs, bicycle rack, and site preparation.
Lake Lure Point Park Development	Lake Lure (Rutherford County)	\$ 10,000	Continuing development on a 12.9-acre site will include a playground.
Crestview Park	Rutherfordton (Rutherford County)	\$ 14,000	Continuing development on a 25.5-acre site will include a tot lot, playground, horseshoe court, resurfacing tennis courts, benches and signs.
Handicapped Accessible Playground	Clinton/Sampson County (Sampson County)	\$12,855	Development on a .172 acre park will include an accessible playground, gazebo, picnic area, walkway and landscaping.
Moratock Park	Stokes County	\$ 75,222	Development and renovation on a 52-acre site will include a picnic shelter with restrooms, volleyball courts, trail, playground,, parking lot, maintenance road, and renovating a picnic shelter.
ERIC Property Improvements	Transylvania County	\$20,000	Continuing development on a 38-acre site will include a playground and ballfield lighting.
Cane Creek Park Cabins and Activity Center	Union County	\$75,000	Continuing development on a 10-acre site will include an activity center, five cabins and signs.
Aycock Recreation Complex	Henderson/Vance County & Vance Co. School Board (Vance County)	\$250,000	Initial development on a 26.9 acre site will include ballfields, picnic shelter, greenway, walkways, storage building, restrooms, and landscaping.

Table 4
Fiscal Year 1996-97
Parks and Recreation Trust Fund
Local Government Matching Grants Awarded

Project Name	Applicant	PARTF Funds	Project Summary
Carroll Howard Johnson Environmental Education Park	Fuquay-Varina (Wake County)	\$14,963	Initial development of a 17-acre site will include a fitness trail, picnic shelter, playground and restroom.
Neuse River Corridor	Raleigh (Wake County)	\$250,000	Phase I development on a 205 acre regional park will include a ropes course, climbing wall, campsites, boat launch, trail, observation deck, play fields, restrooms and parking.
Watauga Athletic Complex	Watauga County and Board of Education	\$250,000	Development on a 13.63-acre park will include basketball courts, hiking trail, horseshoe courts, ballfield with lights, fencing for ballfield, restroom, shuffleboard courts, resurface and light tennis courts, lighting football field, parking lots, walkways, utilities, and site preparation.
Ronda Water Tank Park	Ronda (Wilkes County)	\$ 10,000	Initial development of a 5.9-acre site will include a fitness trail, picnic shelter, playground and restroom.
Patience Mullendore Park Improvements	Yancey County	\$20,000	Continuing development on a 17-acre site will include a fishing platform, sand beach, shuffleboard courts, gazebo, playground, and picnic tables with grills.

Projects Funded State Parks System

Land Acquisition

For fiscal year 1996-97, three land acquisition projects were approved by the Parks and Recreation Authority totaling \$3.5 million. The acquisitions are as follows:

Duke Power State Park: 105 acres; \$1.5 million.

This is Phase I of land acquisition for the development of a swim beach and picnic area on the main lake and protection of the views from existing park facilities. The General Management Plan identified this area for additional day use facilities and visual protection of the lake shoreline.

Jockey's Ridge State Park: 4 acres; \$400,000

The request was for tracts along Sound Side Road and the Roanoke Sound.

South Mountains State Park: 1,975 acres: \$1.65 million

This acquisition is Phase III of the Henry Fork watershed tract. The property provides additional back country recreational land and protects a site of statewide environmental significance. The Henry Fork watershed tract includes 5,287 acres, and with the completion of Phase III, 4,115 acres will be in state ownership. The completion of this project will occur in 1998.

For fiscal year 1997-98, three land acquisition projects have been approved by the Parks and Recreation Authority totaling \$1.5 million. The acquisitions are as follows:

Hanging Rock State Park: 25 acres; \$220,000

The project is a continuation of an acquisition project at Moore's Wall for resource protection, land and a house at the Dan River section of the park. The Division has been working on land acquisition in this region of the park using bond money. She added that 211 tracts, totaling over 215 acres, are involved in this effort. The Division has closed on eight of the tracts, with six tracts being under option or in the approval process. The house at the Dan River section would be used for park staff to provide additional security in the park. The tracts at Hanging Rock are part of the master plan for the park.

Jockey's Ridge State Park: 2 acres; \$105,000

The project included tracts along Soundside Road of willing sellers and the acquisition of outstanding partial interest in property along the Roanoke Sound. The purchase is a continuation of an acquisition project that was approved by the Authority in January 1997.

Mount Mitchell State Park: 250 acres; \$750,000

This acquisition is part of a plan to protect the on the southern and western views from Mount Mitchell.

**Projects Funded
State Parks System**

Capital Improvements Construction and Renovation

For fiscal year 1996-97, the Parks and Recreation Authority approved \$3,247,045 for state park capital improvements and renovations. Table 5 is a list of the state parks system construction, renovation and emergency projects approved by the Parks and Recreation Authority during fiscal year 1996-97.

**Projects Funded
State Parks System**

**Table 5
Fiscal Year 1996-97
State Parks Capital Improvement Projects**

Item	Amount
<u><i>Bond Completion Projects</i></u>	
Cliffs of the Neuse State Park District Office/Bath House Project	\$320,000
South Mountains State Park Horse Camp	\$260,000
Merchants Mill Pond State Park Picnic Area Entrance Road	\$100,000
Duke Power State Park Sewer System	\$76,000
Hammocks Beach State Park Maintenance area/Ranger Residence	\$100,000
Total - Bond Completion Projects	\$856,000
<u><i>Continuing Programs</i></u>	
Statewide Facility Repairs	\$400,000
Statewide Trails Repairs	\$200,000
Statewide Building Inventory/ADA Update	\$300,000
Total - Continuing Programs	\$900,000
<u><i>New Projects - Design Fees Only</i></u>	
Falls Lake State Park Utility Repairs	\$49,150
Fort Macon State Park Fort Study	\$50,000
Kerr Lake State Park General Improvements	\$116,000
Jordan Lake State Recreation Area Six Ranger Residences	\$79,652
Merchants Millpond State Park Group Camp	\$15,340
Falls Lake State Recreation Area - Building Renovations	\$25,985
Crowders Mountain State Park - Linwood Road Development	\$18,430
Eno River State Park - Piper Museum	\$42,500

Table 5 continued
Fiscal Year 1996-97
State Parks Capital Improvement Projects

Item	Amount
Mount Mitchell State Park - Office and Parking Lot Improvements	\$37,270
Lake James State Park - Repaving Roads and Canal Bridge Parking	\$50,000
Hammocks Beach State Park Visitor Center Complex	\$300,000
Total - New Project Design Fees	\$784,327
<u>Emergency Repairs</u>	
Morrow Mountain State Park - Retaining Wall and Road Repair	\$150,000
Hammocks Beach State Park - Channel Dredging	\$50,000
Jordan Lake State Recreation Area - Beach Repair	\$125,000
Total -Emergency Repairs	\$325,000
<u>Other Projects</u>	
Hammocks Beach State Park - Archaeological Survey	\$100,000
William B. Umstead State Park - Ranger Residence	\$142,000
Total -Other	\$242,000
<u>Contingency Reserve</u>	\$139,718
TOTAL FY 1996-997	\$3,247,045

**Projects Funded
State Parks System**

Capital Improvements Construction and Renovation

For fiscal year 1997-98, the Parks and Recreation Authority approved \$13,016,683 for state park capital improvements and renovations. Table 6 is a list of the state parks system construction, renovation and emergency projects approved by the Parks and Recreation Authority during fiscal year 1997-98.

Table 6 Fiscal Year 1997-98 State Parks System Approved Projects	
Item	Amount
<u><i>Continuing Programs</i></u>	
Statewide Facility Repairs	\$400,000
Statewide Archaeology Surveys	\$480,000
Emergency Repair Fund	\$200,000
Lumber River State Park Bond Project Overrun	\$175,000
Total - Continuing Programs	\$1,255,000
<u><i>Continuing Construction Projects</i></u>	
Crowders Mountain - Linwood Road Access	\$165,870
Eno River - Piper Dickson House	\$383,000
Falls Lake - Utility Repairs	\$442,350
Falls Lake - Building Renovations	\$233,872
Hammocks Beach - Visitor Center	\$2,900,000
Jordan Lake - Six Ranger Residences	\$916,010
Kerr Lake - Phase II	\$2,784,000
Lake James - Parking Lot Improvements	\$138,060
Mount Mitchell - Office/Parking Improvements	\$510,430
Hammocks Beach - Maintenance Dredging	\$200,000
Jordan Lake - vista Point RV Campground	\$196,480
5% Reserve	\$466,003
Total - Continuing Construction Projects	\$9,320,072

**Table 6 continued
Fiscal Year 1997-98
State Parks system Approved Projects**

Item	Amount
<u><i>New Projects and Unfulfilled Commitments from Project Evaluation Priority List</i></u>	
Exhibit Funds for Carolina Beach State Park and Lake Waccamaw State Park	\$500,000
Additional Exhibit funds for William B. Umstead State Parks and Crowders Mountain State Park Visitors' Centers	\$320,000
Park System Central Warehouse - Design Fee	\$113,700
Kerr Lake State Recreation Area - Design Fee to Renovate 125 Campsites	\$186,300
Jordan Lake State Recreation Area - Design Fee for Vista Point RV Campground Improvements	\$21,800
Total - New Projects	\$1,141,800
<u><i>Contingency Reserve for new projects</i></u>	\$173,808
<u><i>Bond Overrun Projects</i></u>	
Medoc Mountain - Visitor Center/Maintenance Area and Campground	\$500,000
Weymouth Wood - Replacement of exhibits	\$160,000
TOTAL FY 1997-98	\$13,016,683

Parks and Recreation Trust Fund

Division of Coastal Management

Public Beach and Waterfront Access Grant Program

Program Description

The Public Beach and Coastal Waterfront Access Program was established by the General Assembly in 1981. Beginning in fiscal year 1996-97, the program began receiving 5% of the revenues from the Parks and Recreation Trust Fund. The public beach and coastal waterfront access program's enabling legislation (GS 113A-134.1) states that "Public purposes would be served by providing increased access to ocean beaches, public parking facilities, or other related public uses." The program provides matching grants to local governments for low-cost capital projects designed to improve pedestrian access to the state's beaches and waterways.

The program is administered by the Division of Coastal Management (DCM) which offers matching grant funds to local governments through the 20 coastal counties. Since 1981, over 230 public access sites have been constructed at a cost of \$5.7 million (\$2 million state, \$2.2 million local, and \$1.5 million federal). Local governments are responsible for construction, operation and long-term maintenance of the facilities. While most of the early projects were located along the oceanfront, more and more projects are now designed to improve access to estuarine shorelines, coastal rivers, and urban waterfronts.

The Division of Coastal Management sends requests for proposals to local governments in the 20 coastal counties in March of each year. The division uses criteria developed by the Coastal Resources Commission to select grant recipients. Local governments are required to match at least 25% of the project costs. Recipients are selected in July and contracts are awarded in August or October. Grant recipients have one year to complete their projects.

The need for additional public access sites increase as traditional access ways are developed for private uses. In 1996 DCM received 33 pre-applications from 31 local governments with requests totaling over \$1.7 million. In 1997 DCM received 24 pre-applications from 22 local governments with requests totaling over \$1.2 million.

Table 1 shows the distribution of PARTF revenues from the Division of Coastal Management for fiscal years 1996-97 and 1997-98.

Table 2 shows the public beach and coastal waterfront access program grants awarded from PARTF monies for fiscal year 1996-97. A total of \$191,104 was awarded to five local governments for public access projects selected as part of the FY 1996-97 grants cycle. More projects would have been eligible to receive grant money. However, seven of the 18 local governments invited to submit final applications withdrew their projects following damage caused by Hurricanes Bertha and Fran.

Table 3 shows the grants award for fiscal year 1997-98. Twelve local governments were selected to receive grants for a total of \$484,954.

Table 1 shows the distribution of PARTF revenues from the Division of Coastal Management for fiscal years 1996-97 and 1997-98.

Table 1 Division of Coastal Management's Distribution of PARTF Revenues	
Item	Amount
PARTF revenues received in fiscal year 1996-97	\$902,890
Grants awarded for fiscal year 1996-97	\$191,104
Grants awarded for fiscal year 1997-98	\$484,954
Money used to produce signs at existing public access sites in N.C.	\$1,251
Reserve for grants to be awarded in fiscal year 1998-99*	\$225,581

* A total of \$677,309 was obligated from the fiscal year 1996-97 allotment from the Parks and Recreation Trust Fund. The balance of \$225,581 will be added to upcoming PARTF revenues and used to fund projects in the fiscal year 1998-99 grants cycle. For fiscal year 1998-99, DCM will award grants based on PARTF funds received between April 1, 1997 and March 31, 1998, and the balance leftover from fiscal year 1996-97.

TABLE 2
PUBLIC BEACH AND COASTAL WATERFRONT ACCESS GRANT PROGRAM
PARTF Grants Awarded For Fiscal Year 1996-97

Local Government	Project Description	Grant Request	Cash Match	In-Kind Match	Total Cost
Craven County	Creekside Recreational Park Acquisition of 1.8 acres along Brices Creek for future waterfront park (with future overlook, picnic shelter, parking)	\$43,087	\$14,363	-0-	\$57,450
Long Beach	Recreational Center Access Regional ocean access with elevated walkway to link recreation center to an existing oceanfront access site via proposed Davis Canal crossover and interpretive trail	\$45,000	\$15,000	-0-	\$60,000
Pender County	Waterfront Park Regional access to NE Cape Fear River with paved parking (35 cars), nature trail, picnic tables and fishing pier	\$30,517	\$5,172	\$5,000	\$40,689
Wilmington	Riverwalk (Whaling Wall) Additional length of public walkway to continue urban waterfront redevelopment along the Cape Fear with benches and gazebo	\$50,000	\$25,000	-0-	\$75,000
Windsor	Cashie Wetlands Walk Regional estuarine access with 580 foot boardwalk and 2 finger piers on town-owned land along Cashie river. Existing pier and canoe trail	\$22,500	\$3,750	\$3,750	\$30,000
	PARTF Subtotals	\$191,104	\$63,285	\$8,750	\$263,139
	Federal Subtotals	217,743	48,354	34,227	300,324
	Total Cost	\$408,847	\$111,639	\$42,977	\$563,463

DCM received 33 pre-applications from 31 local governments requesting \$1,729,663
Seven of 18 local governments invited to submit final applications declined following Hurricanes Bertha and Fran

PUBLIC BEACH AND COASTAL WATERFRONT ACCESS GRANT PROGRAM
PARTF Grants Awarded for Fiscal Year 1997-98

<i>Local Government</i>	<i>Project Description</i>	<i>Grant Request</i>	<i>Cash Match</i>	<i>In-Kind Match</i>	<i>Total Cost</i>
Elizabeth City	Charles Creek Park (Urban Waterfront) Replacement of approximately 750 foot section of remnant bulkhead and back fill and raise adjacent park at least a foot.	\$68,119	\$17,706	\$5,000	\$90,825
Gatesville	Gatesville Town Park (Neighborhood) Small park adjacent to Bennetts Creek to include gravel road and 6 parking spaces, boardwalk w. Bulkhead and picnic canopy. Site plan is designed to preclude any vehicle access to the canoe launch.	\$19,219	\$3,203	\$3,203	\$25,625
Hertford	Missing Mill Park (Phase III) (Regional) Additions to previously developed site on Perquimans River. Rebuild existing covered pier, replace existing pier with ADA accessible. Add section of concrete sidewalk and night lighting.	\$21,415	\$3,600	\$3,540	\$28,555
Jacksonville	Northeast Creek Park (Regional) Five-year plan to begin construction of a boardwalk near the shoreline of Northeast Creek as part of the existing nature trail. Interpretive signs to be installed along the trail. Landscaping the waterfront area and expanding public access to Northeast Creek/New River.	\$52,500	\$17,500	-0-	\$70,000
Kill Devil Hills	West Third Street (Local) Public Estuarine Access corridor to be improved with 5' wide concrete walkway, gazebo, benches, lighting, signs and bike rack for Kitty Hawk Bay.	\$22,499	\$6,751	\$750	\$30,000

TABLE 3 continued
PUBLIC BEACH AND COASTAL WATERFRONT ACCESS GRANT PROGRAM
PART F Grants Awarded for Fiscal year 1997-98

Local Government	Project Description	Grant Request	Cash Match	In-Kind Match	Total Cost
Kitty Hawk	Byrd Street Package (Phase II) (Regional) Acquisition of a fourth lot for a proposed ocean regional access site. Also improvements for all four lots, including site preparation, paved parking, sidewalk, picnic tables and benches.	\$92,113	\$30,704	-0-	\$122,817
Long Beach	Malcolm Register Regional Park Acquisition of three contiguous Intracoastal Waterway lots for expansion of existing Regional Access facility.	\$50,000	\$16,667	-0-	\$66,667
Murfreesboro	Meherrin River (Urban Waterfront) Site 1: Thirteen stair/landing sections interconnecting the top of the bluff with an intermediate observation deck and a dock paralleling the river shore. Site 2: Dock and ramp to allow handicapped access and additional parking.	\$37,540	\$6,257	\$6,257	\$50,054
New Bern	Union Point Park (Phase IV)(Urban Waterfront) build a new restroom facility at Union Point Park. Also, restore the wetlands on the Neuse River side of the bulkhead in the northern part of Union Point Park.	\$66,400	\$30,000	\$4,000	\$100,400
Oriental	Water Street (Neighborhood) Construct a bulkhead and public restroom facility in the town right of way in downtown Oriental overlooking the Neuse River.	\$24,000	\$8,000	-0-	\$32,000

TABLE 3 continued
PUBLIC BEACH AND COASTAL WATERFRONT ACCESS GRANT PROGRAM
GRANTS AWARDED FY 1997-98

Local Government	Project Description	Grant Request	Cash Match	In-Kind Match	Total Cost
Sunset Beach	Main Street (Local) Construction of handicapped access (raised walkway and observation deck) on town easement from street over dune ridge; one handicapped space to be available; additional parking one block at pier	\$17,302	\$5,767	\$1,500	\$24,569
Yaupon Beach	McGlamery Street (Local) Improvements to three town-owned lots adjacent to the ocean including: handicap ramp for beach access, gazebo, shower and paved parking spaces (seven regular, three for handicapped persons)	\$13,847	\$2,308	\$2,308	\$18,463
	FY 1997-98 TOTAL	\$484,954	\$148,463	\$1,500	\$661,975

DCM received 24 pre-applications from 22 local governments requesting \$1,203,231.
DCM received 13 final applications from local governments requesting \$686,654.

Attachment m

**NORTH CAROLINA
NATURAL HERITAGE TRUST FUND**

**NATURAL HERITAGE TRUST FUND
GENERAL PROGRAM DESCRIPTION**

Natural Heritage Trust Fund General Program Description

Origins and Mission

The North Carolina Natural Heritage Trust Fund was established by the 1987 General Assembly (G.S. 113-77, effective July 1, 1987) as a supplemental funding source for state agencies to acquire lands that represent the ecological diversity of the state and lands that contribute to the development of a balanced state program of historic properties, and to pay for the inventory of natural areas by the Secretary's Natural Heritage Program. A nine-member board of trustees administers the Trust.

Projects and Agencies

Grants are awarded for the purposes of acquiring lands that represent the state's ecological diversity to ensure their preservation and conservation for recreational, scientific, educational, cultural, and aesthetic purposes; for additions to the system of parks, State trails, wild and scenic rivers, fish and wildlife management areas; and for other beneficial use and enjoyment of the public. Funds are also allocated for inventories of rare species and significant natural communities. State agencies authorized to make application for grant awards are the Department of Environment and Natural Resources, the Wildlife Resources Commission, the Department of Cultural Resources, and the Department of Agriculture. Priority consideration is given to protection of land having outstanding natural or cultural heritage values. Land with outstanding natural heritage values is land that is identified by the N.C. Natural Heritage Program as having State or national significance. Land with outstanding cultural heritage values is land that is identified, inventoried or evaluated by the Department of Cultural Resources. There are no requirements for matching funds. The Department of Cultural Resources may not receive more than 25% of the income received by the Trust from the deed stamp tax collected in the preceding fiscal year (G.S. 105-228).

Funding Sources

Since 1987, and up to December, 1997, the Natural Heritage Trust Fund has received \$38,745,812 including an initial appropriation of \$275,000 which implemented the program. The Trust acquired a continuing source of funding in 1989 when a part of the receipts from the sale of personalized license plates was designated as income. The General Assembly in 1991 increased the state's \$1 deed stamp to tax to \$2 and set aside 15% of the state's share of this additional money as income for the Trust. The 1995 General Assembly increased the Trust's portion of the deed stamp tax from 15% to 25%. This increase became effective July, 1996. Approximately \$7.9 million was generated from both sources in fiscal year 1996-1997. Moneys not expended remain in the interest-accumulating Natural Heritage Trust Fund account and do not revert to the General Fund.

**NATURAL HERITAGE TRUST FUND
OVERVIEW OF GOVERNING AUTHORITY**

Natural Heritage Trust Fund Board of Trustees

The Natural Heritage Trust Fund is delegated the authority to distribute funds to eligible state agencies with powers and duties becoming effective July 1, 1987. The governing authority for the Trust is a nine member Board of Trustees. Three members, including the chairman, are appointed by the Governor. Six members are appointed by the General Assembly with three recommended by the President Pro-Tempore of the Senate and three recommended by the Speaker of the House. Appointments are made before or on January 1 and are for staggered six year terms. Persons appointed are to be knowledgeable in the acquisition and management of natural areas. The 1998-99 trustees and the terms of their appointments are as follows:

Dewey W. Wells, Chairman
Avery County, 12/01

Charles E. Clement
Watauga County, 12/01

Thomas D. Hunter, III
Henderson County, 12/03

William Joslin
Wake County, 12/01

R. Michael Leonard
Forsyth County, 12/99

Kathryn C. McCoy
Cumberland County, 12/99

Thomas W. Reese
Catawba County, 12/03

George Richards
Wake County, 12/03

Jim Sponenberg
Caldwell County, 12/99

**NATURAL HERITAGE TRUST FUND
GRANT APPLICATION PROCESS**

Natural Heritage Trust Fund Project Selection

Four state agencies are eligible to make application for funding from the Natural Heritage Trust Fund. Grants applications from the Department of Environment and Natural Resources, the Department of Agriculture, the Department of Cultural Resources and the N.C. Wildlife Resources Commission are received by the Board of Trustees on a semiannual basis. The trustees consider the following information which is required for each application submitted:

- ▶ The value of the land for recreation, forestry, fish and wildlife habitat, and wilderness purposes, and its consistency with the plan developed pursuant to the State Parks Act, the State's comprehensive plan for outdoor recreation, parks, natural areas development, and wildlife management goals and objectives;
- ▶ Any rare or endangered species on or near the land;
- ▶ Whether the land contains a relatively undisturbed and outstanding example of a native North Carolina ecological community that is now uncommon;
- ▶ Whether the land contains a major river or tributary, watershed, wetland, significant littoral, estuarine, or aquatic site, or important geologic feature;
- ▶ The extent to which the land represents a type of landscape, natural feature, or natural area that is not currently in the State's inventory of parks and natural areas;
- ▶ Other sources of funds that may be available to assist in acquiring the land;
- ▶ The State department or division that will be responsible for managing the land;
- ▶ What assurances exist that the land will not be used for purposes other than those for which it is being acquired; and
- ▶ Whether the site or structure is of such historic significance as to be essential to the development of a balanced State program of historic properties.

There is a strong commitment on the part of the Natural Heritage Trust Fund Board of Trustees to fulfill the responsibility that the people of North Carolina have entrusted to them.

Natural Heritage Trust Fund Grant Application Process

1. The Board of Trustees of the Natural Heritage Trust Fund sets the meeting date and grant application deadline for the next two semiannual meetings.
2. An announcement letter describing the funding schedule and an application packet is sent to the heads of eligible departments eight weeks before the deadline for application. Copies are sent to the division directors, the State Property Office, and others as requested.
3. Each department follows their internal procedures for review and submission of applications. In the event that a department is submitting more than one grant application, the applications are prioritized.
4. Grant applications are delivered to the Administrative Assistant to the Board of Trustees at the Division of Parks and Recreation and are forwarded to the Board of Trustees.
5. The Board of Trustees visit project sites within two weeks prior to the award meeting day.
6. The Board of Trustees meet and hear oral presentations of the projects by the sponsoring agency. Applications are reviewed, considered, and awards approved by the Board Members through voting.
7. The meeting date, site visits, and application deadline for the next funding cycle are set.
8. The Administrative Assistant to the Board of Trustees prepares and sends grant award agreements to the division directors for signature.
9. Funds are disbursed to the departments or to the divisions within the Department of Environment and Natural Resources as written requests are received by the Administrative Assistant to the Board of Trustees.

**NATURAL HERITAGE TRUST FUND
PROGRAM ADMINISTRATION AND BUDGET**

Natural Heritage Trust Fund Program Administration

Administration of the Natural Heritage Trust Fund is based in the Division of Parks and Recreation of the N.C. Department of Environment and Natural Resources. A half-time administrative assistant handles the day-to-day program responsibilities as well as providing staff support to the Board of Trustees. Duties include facilitating the application process, making meeting arrangements for Board meetings and site visits, distributing grant applications to the Board members for review, preparing award agreements and minutes of Board meetings, preparing the annual report, and maintaining all reports and other pertinent data.

Natural Heritage Trust Fund Expenditures for Fiscal Year 1996-1997:

Awards:	Fall, 1996	\$2,054,333
	Spring, 1997	\$3,873,333
Administrative Expenditures		\$23,272
(Less than .3% of the income for FY 1996-1997)		
Total		\$5,950,938

**NATURAL HERITAGE TRUST FUND
EVALUATION PROCESS**

Natural Heritage Trust Fund Evaluation Process

Agencies receiving awards are required to submit a written report on the progress and completion of each award project. These reports are requested prior to each Board of Trustees meetings not more than 12 months after the award. Information from these reports is used to evaluate performance of sponsoring agencies and the rate of success at implementing grants.

**NATURAL HERITAGE TRUST FUND
INCOME SOURCES
FY 1996-1997**

NATURAL HERITAGE TRUST FUND
Income - Fiscal Year

Fyincome
2/17/98

	DOT	DOA TRF	INTEREST	TOTAL
Jul 96	179,804.83		19,560.39	199,365.22
Aug 96	166,313.71		22,535.64	188,849.35
Sep 96	181,179.41		23,810.03	204,989.44
Oct 96	158,822.86	1,568,914.35	23,886.85	1,751,624.06
Nov 96	165,268.75		52,926.71	218,195.46
Dec 96	117,500.00		58,156.43	175,656.43
Jan 97	115,501.29	1,572,367.45	49,878.97	1,737,747.71
Feb 97	140,853.17	0.00	63,168.72	204,021.89
Mar 97	164,250.00	1,533,600.39	65,676.20	1,763,526.59
Apr 97	162,061.65	0.00	64,123.24	226,184.89
May 97	205,427.49	0.00	82,046.43	287,473.92
Jun 97	157,120.82	1,344,381.84	90,512.61	1,592,015.27
Total for FY 1997	1,914,103.98	6,019,264.03	616,282.22	8,549,650.23

Jul 95	183,313.51	0.00	27,044.64	210,358.15
Aug 95	166,627.43	0.00	30,494.93	197,122.36
Sep 95	186,826.53	0.00	31,838.58	218,665.11
Oct 95	172,284.13	778,179.42	32,025.86	982,489.41
Nov 95	154,755.67	0.00	31,888.49	186,644.16
Dec 95	119,888.50	0.00	31,888.50	151,777.00
Jan 96	109,330.04	839,807.07	25,186.88	974,323.99
Feb 96	114,352.50	0.00	22,602.46	136,954.96
Mar 96	134,085.47	0.00	23,329.32	157,414.79
Apr 96	182,880.32	0.00	23,661.02	206,541.34
May 96	166,236.81	816,729.74	26,193.71	1,009,160.26
Jun 96	165,586.58	700,084.95	28,976.18	894,647.71
Total for FY 1996	1,856,167.49	3,134,801.18	335,130.57	5,326,099.24

Jul 94	170,762.50	0.00	29,809.15	200,571.65
Aug 94	159,715.00	584,044.66	33,458.70	777,218.36
Sep 94	185,171.01	0.00	39,747.45	224,918.46
Oct 94	169,560.82	807,470.22	38,904.88	1,015,935.92
Nov 94	142,714.63	0.00	42,651.03	185,365.66
Dec 94	124,976.50	0.00	42,297.65	167,274.15
Jan 95	108,276.00	802,385.06	44,916.74	955,577.80
Feb 95	130,440.76	0.00	23,378.27	153,819.03
Mar 95	124,002.31	0.00	21,068.86	145,071.17
Apr 95	154,442.06	706,467.61	23,637.86	884,547.53
May 95	157,662.50	0.00	25,530.94	183,193.44
Jun 95	159,304.89	679,085.65	28,490.60	866,881.14
Total for FY 1995	1,787,028.98	3,579,453.20	393,892.13	5,760,374.31

* *Italicized numbers indicate where an annual total was used to compute a monthly average.*

NATURAL HERITAGE TRUST FUND
Income - Fiscal Year

Fyincome
2/17/98

	DOT	DOA TRF	INTEREST	TOTAL
Jul 93	167,460.79	0.00	25,791.16	193,251.95
Aug 93	152,289.25	16,252.82	24,381.12	192,923.19
Sep 93	174,935.00	0.00	25,119.11	200,054.11
Oct 93	162,128.00	664,497.62	26,133.08	852,758.70
Nov 93	141,109.13	0.00	26,684.43	167,793.56
Dec 93	122,667.50	691,604.52	27,056.73	841,328.75
Jan 94	99,770.00	0.00	26,464.16	126,234.16
Feb 94	119,028.25	0.00	26,118.50	145,146.75
Mar 94	114,137.47	0.00	28,494.39	142,631.86
Apr 94	148,819.93	717,420.87	30,965.12	897,205.92
May 94	146,145.00	0.00	30,122.13	176,267.13
Jun 94	164,600.81	0.00	29,589.89	194,190.70
Total for FY 1994	1,713,091.13	2,089,775.83	326,919.82	4,129,786.78

Jul 1992	164,059.87	170,072.86	<i>22,081.00</i>	356,213.73
Aug 1992	156,159.25	185,929.53	<i>22,081.00</i>	364,169.78
Sep 1992	157,772.50	0.00	<i>22,081.00</i>	179,853.50
Oct 1992	162,275.75	0.00	<i>22,081.00</i>	184,356.75
Nov 1992	<i>128,589.75</i>	<i>270,060.44</i>	<i>22,081.00</i>	420,731.19
Dec 1992	<i>128,589.75</i>	<i>270,060.44</i>	<i>22,081.00</i>	420,731.19
Jan 1993	100,442.50	0.00	30,769.61	131,212.11
Feb 1993	100,495.00	577,619.31	29,503.43	707,617.74
Mar 1993	112,517.49	0.00	27,377.38	139,894.87
Apr 1993	136,450.60	0.00	32,596.88	169,047.48
May 1993	158,442.47	538,364.75	29,697.47	726,504.69
Jun 1993	156,148.26	0.00	27,318.74	183,467.00
Total for FY 1993	1,661,943.19	2,012,107.33	309,749.51	3,983,800.03

Jul 1991	162,044.50	0.00	<i>16,611.07</i>	178,655.57
Aug 1991	170,475.00	137,029.44	<i>16,611.07</i>	324,115.51
Sep 1991	163,970.00	138,534.56	<i>16,611.07</i>	319,115.63
Oct 1991	153,822.00	155,182.62	<i>16,611.07</i>	325,615.69
Nov 1991	109,975.50	0.00	<i>16,611.07</i>	126,586.57
Dec 1991	101,082.00	0.00	<i>16,611.07</i>	117,693.07
Jan 1992	92,850.00	151,484.01	<i>22,081.00</i>	266,415.01
Feb 1992	114,473.32	163,929.91	<i>22,081.00</i>	300,484.23
Mar 1992	117,140.00	137,361.09	<i>22,082.00</i>	276,583.09
Apr 1992	134,172.50	128,107.33	<i>22,082.00</i>	284,361.83
May 1992	151,774.00	154,386.48	<i>22,082.00</i>	328,242.48
Jun 1992	155,525.00	160,832.28	<i>22,082.00</i>	338,439.28
Total for FY 1992	1,627,303.82	1,326,847.72	232,156.42	3,186,307.96

* *Italicized numbers indicate where an annual total was used to compute a monthly average.*

NATURAL HERITAGE TRUST FUND
Income - Fiscal Year

Fyincome
2/17/98

	DOT	DOA TRF	INTEREST	TOTAL
Jul 1990	174,575.00	0.00	7,499.31	182,074.31
Aug 1990	181,708.24	0.00	7,499.31	189,207.55
Sep 1990	164,797.00	0.00	7,499.31	172,296.31
Oct 1990	157,310.42	0.00	7,499.31	164,809.73
Nov 1990	128,122.50	0.00	7,499.31	135,621.81
Dec 1990	102,933.15	0.00	7,499.31	110,432.46
Jan 1991	111,235.00	0.00	16,611.07	127,846.07
Feb 1991	118,525.00	0.00	16,611.07	135,136.07
Mar 1991	130,123.22	0.00	16,611.07	146,734.29
Apr 1991	165,724.71	0.00	16,611.07	182,335.78
May 1991	157,475.00	0.00	16,611.07	174,086.07
Jun 1991	168,611.00	0.00	16,611.06	185,222.06
Total for FY 1991	1,761,140.24	0.00	144,662.27	1,905,802.51

Jul 1989	0.00	0.00	1,461.75	1,461.75
Aug 1989	0.00	0.00	1,461.75	1,461.75
Sep 1989	0.00	0.00	1,461.75	1,461.75
Oct 1989	67,568.75	0.00	1,461.75	69,030.50
Nov 1989	116,330.00	0.00	1,461.75	117,791.75
Dec 1989	0.00	0.00	1,461.75	1,461.75
Jan 1990	125,524.24	0.00	7,499.31	133,023.55
Feb 1990	115,165.00	0.00	7,499.31	122,664.31
Mar 1990	141,110.00	0.00	7,499.31	148,609.31
Apr 1990	160,117.50	0.00	7,499.31	167,616.81
May 1990	175,734.25	0.00	7,499.31	183,233.56
Jun 1990	171,615.00	0.00	7,499.32	179,114.32
Total for FY 1990	1,073,164.74	0.00	53,766.37	1,126,931.11

Jul 1988	0.00	0.00	2,590.96	2,590.96
Aug 1988	0.00	0.00	2,590.96	2,590.96
Sep 1988	0.00	0.00	2,590.96	2,590.96
Oct 1988	0.00	0.00	2,590.95	2,590.95
Nov 1988	0.00	0.00	2,590.95	2,590.95
Dec 1988	0.00	0.00	2,590.95	2,590.95
Jan 1989	0.00	0.00	1,461.75	1,461.75
Feb 1989	0.00	0.00	1,461.76	1,461.76
Mar 1989	0.00	0.00	1,461.76	1,461.76
Apr 1989	0.00	0.00	1,461.76	1,461.76
May 1989	0.00	0.00	1,461.76	1,461.76
Jun 1989	0.00	0.00	1,461.76	1,461.76
Total for FY 1989	0.00	0.00	24,316.28	24,316.28

* *Italicized numbers indicate where an annual total was used to compute a monthly average.*

NATURAL HERITAGE TRUST FUND
Income - Fiscal Year

Fyincome
2/17/98

	DOT	DOA TRF	INTEREST	TOTAL
Jul 1987	*Original Appropriation			275,000.00
Aug 1987	0.00	0.00	0.00	0.00
Sep 1987	0.00	0.00	0.00	0.00
Oct 1987	0.00	0.00	0.00	0.00
Nov 1987	0.00	0.00	0.00	0.00
Dec 1987	0.00	0.00	0.00	0.00
Jan 1988	0.00	0.00	<i>2,590.96</i>	2,590.96
Feb 1988	0.00	0.00	<i>2,590.96</i>	2,590.96
Mar 1988	0.00	0.00	<i>2,590.96</i>	2,590.96
Apr 1988	0.00	0.00	<i>2,590.96</i>	2,590.96
May 1988	0.00	0.00	<i>2,590.96</i>	2,590.96
Jun 1988	0.00	0.00	<i>2,590.96</i>	2,590.96
Total for FY 1988	0.00	0.00	15,545.76	290,545.76
Total - Year to Date	13,393,943.57	18,162,249.29	2,452,421.35	34,283,614.21

* *Italicized numbers indicate where an annual total was used to compute a monthly average.*

**NATURAL HERITAGE TRUST FUND
AWARDS
FISCAL YEAR 1996-1997
AND FALL 1997**

SPRING 1997 GRANT AWARD DATA

SITE										
AGENCY	PROJECT	SIGNIFICANCE (National/State Regional/Local)		COUNTY	AWARD		ACRES	PREVIOUS GRANT		COMMENTS
					AMOUNT			AWARD		
Land Acquisition										
DoAG	Town Creek Preserve, N.C. Maritime Museum	Local		Carteret	250,000		10	200,000		Site is of Local significance
DCR	Bethania's Walnut Bluffs	Local		Forsyth	125,000		20	N/A		For inclusion in part of Bethania National Registry Historic District
DENR	Bird Island, Southernmost Barrier Island	Regional		Brunswick	500,000		1,200	N/A		Example of increasingly rare habitat.
DENR - DFR	DuPont State Forest	National		Henderson Transylvania	1,200,000		7,110	1,000,000		Establishes new state forest unit adjoining Holmes Education State Forest; site is within National significant Little River-DuPont Natural Area. 1st award 9/25/96.
DENR - MNS	Blue Pond Tiger Salamander Preserve	Regional		Wake	5,000		4	N/A		Protection of endangered population of salamander.
NCWRC	Roan Island, Cape Fear River Wetlands	National		Pender	333,333		2,800	666,666		Site is located within Nationally significant Black River Macro-site. 2 awards: 5/95 & 9/96 for \$333,333 each. Request would complete tract.
NCWRC	Rollins Tract	State		Cleveland Rutherford	1,000,000		17,648	N/A		Adjoins South Mtns. State Park and South Mtns. Gameland; site is within the State significant South Mtns. Macro-site
NCWRC	Suggs Mill Pond Complex	National		Bladen	500,000		9,739	N/A		Carolina Bay geological-hydrological ecosystem unique to the Carolinas and Georgia
Inventory										
DENR - DPR	County & Priority Natural Area Inventories	N/A		Multiple counties	60,000		N/A	N/A		Continues natural area inventories supplemented with aquatic habitat
TOTAL					3,973,333					

DoAg - Dept. of Agriculture

DCR - Dept of Cultural Resources

MNS - Museum of Natural Sciences

NCWRC - NC Wildlife Resources Commission

DENR - Dept of Environment and Natural Resources

DCM - Div of Coastal Management

DFR - Div of Forest Resources

DPR - Div of Parks and Recreation

FALL 1997 GRANT AWARD DATA

SITE		SIGNIFICANCE		AWARD		PREVIOUS		COMMENTS		
(National/State Regional/Local)		COUNTY		AMOUNT		ACRES			GRANT	
AGENCY	PROJECT	COUNTY		AMOUNT		ACRES			AWARD	
Land Acquisition										
DCR	Bentonville Battleground	National	Johnston	82,000	13	74,100		Site of historic Civil War battle.		
DCR	Roanoke Canal Trail	N/A	Halifax	38,000	8	N/A		For inclusion in the 19th century canal trail system. High recreation, archaeological value.		
DCR	Leigh Farm E and Tract B2	Regional	Durham	345,000	25	390,000		Example of pre-civil war homestead. To be included in Leigh Farm Park of Durham County.		
DENR - DFR	Rendezvous Mtn. Educational State Forest	Regional	Wilkes	340,000	1,638	N/A		Living laboratory of forest ecosystems for biological and education resources.		
DENR - DFR	Tuttle Educational State Forest	Regional	Caldwell	500,000	160	N/A		Recently disturbed mix of Piedmont and mountain communities offers educational opportunities on succession and natural communities.		
DENR - DCM	Buxton Woods Coastal Reserve	National	Dare	550,000	50	1,998,350		Largest maritime forest in NC. Supports greatest concentration of rare plants on the Outer Banks.		
DENR - DPR	Lumber River State Park	State	Robeson/Columbus	200,000	40	1,637,630		Will Secure largest sandridge along Lumber River corridor.		
NCWRC	Great Creek Tract	National	Camden	125,000	529	230,000		Tract is part of Albemarle/Pamlico Estuarine System.		
NCWRC	Champion Int. Daniels Tract	State	Caswell	100,000	484	475,000		Supports largest population of wild turkey in NC. To be included in Caswell Game Lands.		
NCWRC	Rollins Tract	State	Cleveland, Burke, Rutherford, McDowell	1,000,000	17,648	1,000,000		Adjoins South Mtns. State Park and South Mtns. Gameland; site is within the State significant South Mtns. Macro-site		
NCWRC	Suggs Mill Pond Complex	National	Bladen	1,000,000	9,739	500,000		Carolina Bay geological-hydrological ecosystem unique to the Carolinas and Georgia		
Inventory										
DENR - DPR	Aquatic Inventory of WRC lands	N/A	Multiple counties	90,000	N/A	0		To gain data to establish protection and conservation plan.		
DENR - DPR	Inv of Fed/Can Aquatic Species	N/A	River Basins	35,670	N/A	0		To gain data for establishment of priority areas for conservation plans.		
DENR - DPR	Inv of Allegheny Woodrat	N/A	Multiple counties	8,000	N/A	0		To gain data on prevalence of species to determine conservation plans.		
TOTAL				4,413,670						

DoAg - Dept. of Agriculture
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 NCWRC - NC Wildlife Resources Commission
 DENR - Dept of Environment and Natural Resources
 DCM - Div of Coastal Management
 DFR - Div of Forest Resources
 DPR - Div of Parks and Recreation

FALL 1996 GRANT AWARD DATA

AGENCY		PROJECT	SITE SIGNIFICANCE (National/State Regional/Local)		COUNTY	AWARD AMOUNT	ACRES	PREVIOUS GRANT	COMMENTS
Land Acquisition									
DoAG		Town Creek Preserve	Local		Carteret	200,000	10	N/A	Development of natural and historic resource center as extension of the existing museum facility.
DoAG		Bat Fork and Ochlawaha Bogs	State		Henderson	60,000	41	N/A	Site of great ecological significance. Rare bog habitat containing 1 of only 4 sites of endangered plant species in state.
DCR		Bethabara Wetlands Wildlife Preserve	Local		Forsyth	50,000	2	200,000	Completes long-range acquisition plan for western border of park. Historic park with significant natural resources needing protection and preservation plan implementation.
DENR - DCM		Goat Island, Masonboro Island Reserve	State		New Hanover	200,000	16	250,000	Site is of statewide significance; private inholding in Dedicated State Nature Preserve.
DENR - DFR		DuPont Project Div of Forest Resources	National		Henderson Transylvania	1,000,000	10,500	N/A	Establishes new state forest unit adjoining Holmes Educational State Forest; sited within Nationally Significant Little River-DuPont Natural Area
DENR - DPR		Morganton Watershed, South Mountains State Park	State		Burke	100,000	5,287	350,000	Contains extensive and high quality natural communities that are habitat for rare and endangered species as well as a large continuous tract for interior forest and wide ranging animals.
NCWRC		Roan Island, NE Cape Fear River Wetlands	National		Pender	333,333	2,800	333,333	Site is located within Nationally significant Black River Macro-site.
Inventory									
DENR - DPR		State Park Aquatic Species Inventory	N/A		Multiple Counties	85,000	N/A	85,000	Funding for 3 rd year of three-year project
Land Mngmt									
DENR - DPR		Jockey's Ridge State Park	N/A		Dare	26,000	N/A	N/A	Dune migration and elevation loss management
TOTAL						2,054,333			

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 DFR - Div of Forest Resources
 DPR - Div of Parks and Recreation

NATURAL HERITAGE TRUST FUND
SUMMARY OF AWARDS
1988 - 1997

**NATURAL HERITAGE TRUST FUND
GRANT AWARDS
1988-1997**

2/17/98
AWARDF97.XLS
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Agency	Date	Project	Type	County	Site Signifi- cance	Project Acres	Grant Total	Transfer Total	Obligated Balance	Funds Returned
DCM	7/31/88	Buxton Woods - I	Land	Dare	A	178	80,000	80,000	0	0
DPR	7/31/88	Longleaf Pine - I	Inventory				13,500	13,500	0	0
DPR	7/31/88	Mountain Wetlands - I	Inventory				13,500	13,500	0	0
DPR	7/31/88	New River State Park - I	Land	Ashe	B	76	98,000	98,000	0	0
WRC	7/31/88	Walcott Tract - Installment 1	Land	Polk	B	585	65,000	65,000	0	0
DCM	12/31/89	Buxton Woods - II	Land	Dare	A	20	112,000	112,000	0	0
DPR	12/31/89	Longleaf Pine - II	Inventory				14,000	14,000	0	0
DPR	12/31/89	Mountain Wetlands - II	Inventory				8,320	8,320	0	0
DCM	3/1/90	Buxton Woods - III	Land	Dare	A	55	300,000	300,000	0	0
DPR	3/1/90	County/Regional - I	Inventory				30,000	30,000	0	0
DPR	3/1/90	New River State Park - II, Installment 1	Land	Ashe	B	140	304,400	304,400	0	0
WRC	3/1/90	Whitaker Tract - Roanoke River Wetlands	Land	Martin	A	414	150,000	150,000	0	0
DPR	12/20/90	Bushy Lake State Natural Area - I	Land	Cumberland	A	90	36,000	19,500	0	16,500
DPR	12/20/90	County/Regional - II	Inventory				40,000	40,000	0	0
DPR	12/20/90	State Park Natural Areas	Inventory				36,000	36,000	0	0
DPR	12/20/90	Swift Creek Watershed	Inventory				25,000	25,000	0	0
DPR	12/20/90	Venus Flytrap	Inventory				20,000	20,000	0	0
WRC	12/20/90	Ashpole Swamp Tract	Land	Robeson	B		5,392	0	0	5,392
DCM	3/14/91	Buxton Woods - IV	Land	Dare	A	49	300,000	300,000	0	0
DPR	3/14/91	County/Regional - III	Inventory				40,000	40,000	0	0
DCM	5/31/91	Buxton Woods - V	Land	Dare	A	33	246,350	246,350	0	0
DPR	5/31/91	Crowders Mountain State Park	Land	Gaston	B	350	623,000	623,000	0	0
DPR	5/31/91	Hanging Rock State Park	Land	Stokes	A	147	75,000	75,000	0	0
DPR	5/31/91	Lumber River State Park - I	Land	Robeson	B	537	74,830	74,830	0	0
WRC	5/31/91	Jolly Farm Tract	Land	Hyde			200,000	0	0	200,000
DCM	10/30/91	Buxton Woods - VI	Land	Dare	A	79	610,000	610,000	0	0
DPR	10/30/91	Eno River State Park - I	Land	Orange	A	15	57,000	57,000	0	0
DPR	10/30/91	Eno River State Park - II	Land	Durham	A	45	130,000	130,000	0	0
DPR	10/30/91	Lumber River State Park - II	Land	Robeson	B	86	310,000	180,000	130,000	0
DPR	10/30/91	Mafic Rock Communities - I	Inventory				33,000	33,000	0	0
WRC	10/30/91	Jack Story Tract - Installment 1	Land	Polk	B	50	40,000	40,000	0	0
DCR	10/31/91	Bethabara Mills	Land	Forsyth	H	30	30,000	28,932	0	1,068
DPR	5/23/92	Lumber River State Park - III, Installment 1	Land	Robeson	B	1,568	352,800	352,800	0	0
DPR	5/23/92	New River State Park - II, Installment 2	Land	Ashe/Alleghany	B		145,000	25,600	0	119,400
DPR	5/23/92	South Mountain State Park - I	Land	Burke	B	104	127,000	127,000	0	0
WRC	5/23/92	Alarka Laurel Tract	Land	Swain	A		678,000	0	0	678,000
WRC	5/23/92	Broadhead Tract	Land	Alleghany/Surry	B		360,000	0	0	360,000
WRC	5/23/92	Jack Story Tract - Installment 2	Land	Polk	B		20,000	20,000	0	0
WRC	5/23/92	Walcott Tract - Installment 2	Land	Polk	B		56,375	56,375	0	0
DOA	11/20/92	4H Youth & Envir. Ed.	Land	Tyrell	C	242	250,000	250,000	0	0
DOA	11/20/92	Moore Springs	Land	Stokes	C	398	300,000	300,000	0	0
DCM	11/20/92	Bald Head Island	Land	Brunswick	A	173	325,000	325,000	0	0
DPR	11/20/92	County/Regional - IV	Inventory				60,000	60,000	0	0
DPR	11/20/92	Croatan/Uwharrie Fauna	Inventory				20,000	20,000	0	0
DPR	11/20/92	N.E. Coastal Plain Lepidoptera	Inventory				20,000	15,000	5,000	0
DPR	11/20/92	Mafic Rock Communities - II	Inventory				37,000	37,000	0	0
DPR	11/20/92	N.C. Bryophytes	Inventory				30,000	19,500	10,500	0
DPR	11/20/92	New River State Park - III	Land	Ashe/Alleghany	B	112	250,000	250,000	0	0
DPR	11/20/92	Raven Rock State Park	Land	Harnett	B	255	292,500	292,500	0	0
DPR	11/20/92	Bushy Lake State Natural Area - II	Land	Cumberland	A	208	79,750	79,750	0	0
DPR	11/20/92	South Mountain State Park - II	Land	Burke	B	71	75,000	75,000	0	0
DPR	11/20/92	Weymouth Woods SNP	Land	Moore	A	224	535,000	535,000	0	0
DPR	5/14/93	Bushy Lake State Natural Area - III	Land	Cumberland	A	491	133,500	133,500	0	0
DPR	5/14/93	Jockey's Ridge State Park	Land	Dare	A	2	130,000	130,000	0	0
DPR	5/14/93	Wm. B. Umstead State Park	Land	Wake	B	44	564,500	564,500	0	0
DPR	5/14/93	Weymouth Woods SNP	Mngmnt	Moore			65,000	28,500	36,500	0
WRC	5/14/93	Three Top Mountain Tract	Land	Ashe	A	1,133	700,000	665,120	0	34,880
DCR	11/18/93	Bentonville Battlefield	Land	Johnston	H	22	20,000	20,000	0	0
DCM	11/18/93	Masonboro Island Complex	Land	New Hanover	B	19	250,000	250,000	0	0
DPR	11/18/93	Diamondback Terrapin	Inventory	Carteret			10,000	10,000	0	0
DPR	11/18/93	Dismal Swamp Natural Area	Inventory	Camden			17,500	17,500	0	0
DPR	11/18/93	Endangered Aquatic Species - I	Inventory				24,667	24,667	0	0
DPR	11/18/93	Hickory Nut Gorge	Inventory				43,500	43,500	0	0

**NATURAL HERITAGE TRUST FUND
GRANT AWARDS
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Agency	Date	Project	Type	County	Site Signifi- cance	Project Acres	Grant Total	Transfer Total	Obligated Balance	Funds Returned
DPR	11/18/93	Holly Shelter Game Land	Inventory	Pender			48,900	46,900	0	0
DPR	11/18/93	Lumber River State Park - III, Installment 2	Land	Robeson	B		900,000	900,000	0	0
DPR	11/18/93	Eno River State Park - III, Installment 1	Land	Orange	A	250	280,000	280,000	0	0
DPR	11/18/93	Breeding Peregrine Falcons	Inventory	Multiple			5,000	5,000	0	0
DPR	11/18/93	Nesting Sea Turtles	Inventory	Multiple			24,692	24,692	0	0
WRC	11/18/93	Herman & Staley Tract	Land	Polk	B	1,717	1,354,000	1,178,796	0	175,204
DCR	5/18/94	Leigh Farm	Land	Durham	H	7	105,000	105,000	0	0
DOA	5/18/94	Bull Neck Swamp - Tract I	Land	Washington	C	1,558	450,000	450,000	0	0
DCM	5/18/94	Buxton Woods - VII	Land	Dare	A	60	350,000	350,000	0	0
DCM	5/18/94	Kitty Hawk Woods - I	Land	Dare	A	124	500,000	500,000	0	0
DPR	5/18/94	County/Regional - V	Inventory				100,000	62,280	37,720	0
DPR	5/18/94	Virginia Big-eared Bat	Inventory	Avery			10,000	10,000	0	0
DPR	5/18/94	Stone Mountain State Park	Land	Wilkes/Alleghany	A	110	190,000	190,000	0	0
WRC	5/18/94	Duke Power Company - Tract A	Land	Polk/Henderson	B	1,608	784,300	784,300	0	0
DCR	11/2/94	Bethabara Tannery Site	Land	Forsyth	H	2	200,000	200,000	0	0
DOA	11/2/94	Bull Neck Swamp - Tract III	Land	Washington	C	1,858	515,791	515,791	0	0
WRC	11/2/94	Duke Power Company - Tract B	Land	Polk/Henderson	B	3,470	1,565,700	1,535,398	0	30,302
DFR	11/2/94	Clemmons Educ. State Forest - I	Land	Johnston	C	30	133,500	133,500	0	0
DPR	11/2/94	Eno River State Park - III, Installment 2	Land	Orange	A		400,000	400,000	0	0
DPR	11/2/94	State Parks Aquatic Species - I	Inventory				85,000	85,000	0	0
DOA	5/17/95	Bull Neck Swamp - Tract II	Land	Washington	C	1,869	550,000	550,000	0	0
DCR	5/17/95	Bentonville Battleground	Land	Johnston	H	4	17,600	17,600	0	0
DCR	5/17/95	Donnaha Tract	Land	Yadkin	H	10	30,000	30,000	0	0
DFR	5/17/95	Clemmons Educ. State Forest - II	Land	Johnston	C	75	375,000	375,000	0	0
DPR	5/17/95	Oconeechee Mtn SNA - Installment 1	Land	Orange	B	77	454,000	454,000	0	0
DPR	5/17/95	Morganton Watershed - Installment 1	Land	Burke	B	4,115	250,000	250,000	0	0
DPR	5/17/95	Run Hill State Natural Area - Installment 1	Land	Dare	A	122	550,000	550,000	0	0
WRC	5/17/95	Roan Island - Installment 1	Land	Pender	C	2,800	333,333	333,333	0	0
WRC	5/17/95	Coppley/Hoo Tract - Three Top Mountain	Land	Ashe	A	490	500,000	500,000	0	0
DPR	5/17/95	Endangered Aquatic Species - II	Inventory				33,500	33,500	0	0
DPR	5/17/95	Roanoke River Basin Bats	Inventory	Bertie/Martin			5,000	5,000	0	0
DPR	5/17/95	Western N.C. Flying Squirrels	Inventory				12,500	12,500	0	0
DPR	5/17/95	Western N.C. Cerulean Warblers	Inventory				6,000	6,000	0	0
DPR	5/17/95	Core Sound Diamondback Terrapins	Inventory	Carteret			10,000	10,000	0	0
DOA	11/8/95	Bull Neck Swamp	Land	Washington	C	65	25,000	25,000	0	0
DFR	11/8/95	Clemmons Educ. State Forest - III	Land	Johnston	C	75	375,000	375,000	0	0
DPR	11/8/95	Morganton Watershed - Installment 2	Land	Burke	B		350,000	350,000	0	0
DPR	11/8/95	Run Hill State Natural Area - Installment 2	Land	Dare	A		600,000	552,000	0	48,000
WRC	11/8/95	Champion Tract - Caswell Game Land	Land	Caswell	B	484	475,000	0	475,000	0
WRC	11/8/95	Wananish Tract - I	Land	Columbus	A	3,576	966,666	966,666	0	0
DPR	11/8/95	County/Regional - VI	Inventory				100,000	0	100,000	0
DPR	11/8/95	State Parks Aquatic Species - II	Inventory				85,000	85,000	0	0
DPR	11/8/95	Roanoke River Basin Herptofauna	Inventory	Bertie/Martin			18,600	13,673	4,927	0
DCM	5/15/96	Kitty Hawk Woods - II	Land	Dare	A	186	427,500	0	427,500	0
DCR	5/15/96	Bentonville Battleground	Land	Johnston	H	10	36,500	36,500	0	0
DCR	5/15/96	Leigh Farm	Land	Durham	H	19	285,000	285,000	0	0
DPR	5/15/96	Oconeechee Mtn SNA - Installment 2	Land	Orange	B		750,000	290,000	460,000	0
DPR	5/15/96	Roanoke River Basin Lepidoptera	Inventory				21,140	7,393	13,747	0
WRC	5/15/96	Dawson Tract	Land	Cumtuck	B	1,421	230,000	230,000	0	0
WRC	5/15/96	Roberson Tract	Land	Martin	B	130	85,000	85,000	0	0
WRC	5/15/96	Wananish Tract - II	Land	Columbus	A	2,446	750,000	750,000	0	0
DOA	9/25/96	Bat Fork and Ochlawaha Bogs	Land	Henderson	B	41	60,000	50,330	9,670	0
DOA	9/25/96	Town Creek Preserve	Land	Carteret	D	10	200,000	200,000	0	0
DCM	9/25/96	Goat Island	Land	New Hanover	B	16	200,000	200,000	0	0
DCR	9/25/96	Bethabara Wetlands Preserve	Land	Forsyth	D	2	50,000	50,000	0	0
DFR	9/25/96	DuPont Tract	Land	Henderson/Transylvania	A	8,200	1,000,000	1,000,000	0	0
DPR	9/25/96	Jockeys Ridge Resource Mgt	Management	Dare			26,000	0	26,000	0
DPR	9/25/96	State Parks Aquatic Species - III	Inventory				85,000	0	85,000	0
DPR	9/25/96	Morganton Watershed - Installment 3	Land	Burke	B		100,000	100,000	0	0
WRC	9/25/96	Roan Island - Installment 2	Land	Pender	A		333,333	333,333	0	0
DOA	3/26/97	Town Creek Preserve	Land	Carteret	D	12	250,000	250,000	0	0
DCR	3/26/97	Bethania's Walnut Bluffs	Land	Forsyth	D	20	125,000	125,000	0	0
EHNH	3/26/97	Bird Island	Land	Brunswick	C	1,200	500,000	0	500,000	0
DFR	3/26/97	DuPont State Forest	Land	Henderson/Tran	A	7,110	1,200,000	1,200,000	0	0
NCMNS	3/26/97	Blue Pond Tiger Salamander Pres.	Land	Wake	C	4	5,000	4,000	0	1,000
WRC	3/26/97	Roan Island, Installment 3	Land	Pender	A		333,333	0	333,333	0

**NATURAL HERITAGE TRUST FUND
GRANT AWARDS
1988-1997**

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Agency	Date	Project	Type	County	Site Signifi- cance	Project Acres	Grant Total	Transfer Total	Obligated Balance	Funds Returned
WRC	3/26/97	Rollins Tract	Land	Cleve/Rutherford	B	17,648	1,000,000	1,000,000	0	0
WRC	3/26/97	Suggs Mill Pond Complex	Land	Bladen	A	9,739	500,000	0	500,000	0
DPR	3/26/97	County & Priority Nat. Area Inv.	Inventory	Multiple			60,000	2,595	57,405	0
DCM	10/1/97	Buxton Woods Coastal Reserve	Land	Dare	A	50	550,000	0	550,000	0
DCR	10/1/97	Bentonville Battleground	Land	Johnston	A	13	82,000	82,000	0	0
DCR	10/1/97	Roanoke Canal Trail	Land	Halifax	N/A	8	38,000	38,000	0	0
DCR	10/1/97	Leigh Farm E & B2	Land	Durham	C	25	345,000	345,000	0	0
DFR	10/1/97	Rendezvous Mtn. Educ State Forest	Land	Wilkes	C		340,000	0	340,000	0
DFR	10/1/97	Tuttle Educational State Forest	Land	Caldwell	C	160	500,000	0	500,000	0
DPR	10/1/97	Lumber River State Park	Land	Robeson/Colum	B		200,000	0	200,000	0
WRC	10/1/97	Great Creek Tract	Land	Camden	A	529	125,000	0	125,000	0
WRC	10/1/97	Champion Int Daniels Tract	Land	Caswell	B	484	100,000	0	100,000	0
WRC	10/1/97	Suggs Mill Pond	Land	Bladen	A		1,000,000	0	1,000,000	0
WRC	10/1/97	Rollins Tract	Land	Clev, Burke, etc	B		1,000,000	1,000,000	0	0
DPR	10/1/97	Aquatic Inventory of WRC Lands	Inventory	Multiple	N/A	N/A	90,000	0	90,000	0
DPR	10/1/97	Inv of Fed/Candidate Aquatic Spec.	Inventory	River Basins	N/A	N/A	35,670	0	35,670	0
DPR	10/1/97	Inv of Allegheny Woodrat	Inventory	Multiple	N/A	N/A	8,000	0	8,000	0

CURRENT TOTAL

82,082 37,240,942 27,945,224 6,160,972 1,669,746

Focus Brief
Appropriations Subcommittee on Natural and Economic Resources
February 18, 1998

PERFORMANCE BASED BUDGETING REVIEW

Charge to the Subcommittee

The full Appropriations committee chairs of each house have charged the subcommittee with reviewing and commenting on the proposed use of the "performance based budgeting" concept in the legislative budget evaluation process.

Current Budgetary Evaluation Process

- ◆ Governor submits to the General Assembly each biennium a recommended continuation budget with line-item detail.
- ◆ Fiscal staff prepare and present handouts to the NER subcommittee summarizing individual division budgets within each department. Staff handouts typically identify a division's mission, its total requirements, receipts and general fund appropriations; line-items of interest; major programs within a division, executive budget amendments; workload statistics where available; audit results; budgetary issues, etc.

It is during these budget presentations that the subcommittee carries out its own form of "performance evaluation" of an individual division or program budget by reviewing:

- ⇒ a division or program's mission;
- ⇒ its objectives or "plans of action" for meeting that mission; and
- ⇒ workload statistics to obtain some sense of the activities carried out in pursuit of the division or program's mission.

From this review process and the subsequent subcommittee discussions, the subcommittee agrees to, or takes action to modify, the Governor's Recommended Continuation Budget.

A weakness in the current line-item based budget is that it lacks a uniform format requiring all agencies to submit, for budgetary evaluation purposes, well stated missions and objectives, benchmarks or standards for comparing achievement, and outcome measures that indicate results.

In addition, the current process does not necessarily coordinate the evaluation of separate programs with different missions that are attempting to achieve the same objective.

Proposed Performance Based Budgeting Process

The "performance budgeting" process aims to institutionalize the process of evaluating the Governor's continuation budget on the basis of performance by requiring all agencies to incorporate in their budget document submissions the following:

- 1) a division or program's formal mission;
- 2) stated objectives developed by the agency to meet its mission;
- 3) collect and maintain workload statistics that reflect the activities of the division and/or its programs;
- 4) benchmarks or standards for comparing achievement;
- 5) outcome measures that convincingly indicates that the a division and/or program's performance is generating results; and
- 6) coordinated evaluation of individual programs with different missions that are striving to achieve the same objective.

A key strength in the performance based budgeting model is that it would allow -- over the long-term -- an organized and structured approach to collect data for re-evaluating continuation budget programs funded by the General Assembly. In addition, it affords the subcommittee the opportunity to recommend certain performance measures that are indicative of what the subcommittee needs to make effective budget decisions. *

A potential weakness lies in the "quality" of the missions and objectives developed, and the outcomes and data collected to support this concept. Defining effective measures can be an inexact science, require resources to develop quality data and require considerable oversight to ensure agencies conduct rigorous and valid data collection efforts. Moreover, identifying exact budgeted dollar amounts from specific division or program budgets that contribute to a particular objective or activity can be difficult.

Other issues that arise include how to evaluate programs that are working towards the same objective, but are evaluated in separate budget subcommittees, and maintaining some level of line-item detail that reflects how an agency allocates its funding (e.g, salaries, operating support, grants, etc.)



Performance / Program Budgeting

Managing by Results

**Presented by the NC Office of State Planning
for the Natural and Economic Resources
Appropriations Subcommittee**



Origin / Background

- ❖ **National movement**
- ❖ **Budget shortfall 1989-1991 -**
- ❖ **GPAC established in 1991 to address efficiency & effectiveness of programs**
- ❖ **Recommendations**
 - **Statewide planning process**
 - **Performance-based budget**
 - **Comprehensive evaluation of state programs**



Implementation Timeline

- ❖ 1992 - General Assembly requested pilot performance budgets for two program areas
- ❖ 1993 - Documents delivered to General Assembly
- ❖ 1994 - Strategic planning, performance budgeting and evaluation codified in Executive Budget Act
- ❖ 1995 - Performance/program budgets delivered for six Program Areas

Environment and Health

NC Office of State Planning



Implementation Timeline (continued)

- ❖ 1997 - Performance/program budgets developed for all ten Program Areas
- ❖ 1999 - Performance/program budgets, performance report, operations plans will link to the budget

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Development / Process

- ❖ Identified Program Areas (1991)
- ❖ Developed Program Areas classification (1991)
- ❖ Classified services, activities, and funds (1992)
- ❖ Developed Program Number Codes (1994)
- ❖ Conduct strategic / performance planning (1994)
- ❖ Develop performance / program measures (1994)

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Perspective

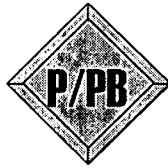
Another Way to Look at
Government Activities

Administration
Agriculture
Commerce
Correction
Environment & Nat. Res
General Assembly
Health & Human Services
Judicial Branch--AOC
Justice
Public Instruction
Revenue
Transportation
UNC System

North Carolina
General Statutes &
Constitution

Health
Human Services
Corrections
Justice & Public Safety
Environment
Econ. Devel. & Comm.
Education
Transportation
Cultural Resources
General Government

NC Office of State Planning



Performance/Programmatic

Statewide Strategic Plan / Program Budgeting



NC Office of State Planning



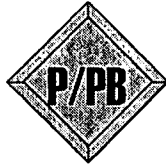
Program Perspective

Program budgeting enables decision- makers to:



- ❖ See the “big picture” by grouping activities that share similar purposes
- ❖ Reduce possible overlap and duplication
- ❖ Facilitate better inter and intra-agency coordination of services
- ❖ Provides understanding as to the major priorities of the state

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Program Areas

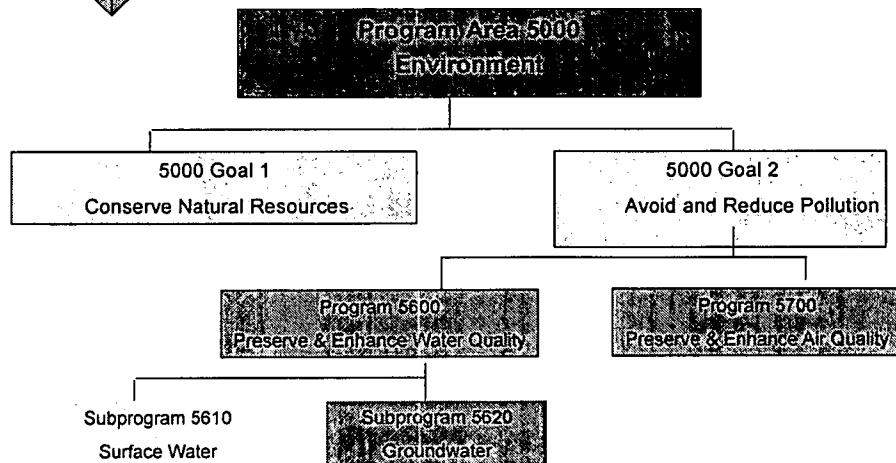
*10 program
areas +
implementation
date*

- ❖ Health (1993)
- ❖ Human Services (1995)
- ❖ Corrections (1995)
- ❖ Justice and Public Safety (1995)
- ❖ Environment (1993)
- ❖ Economic Development and Commerce (1995)
- ❖ Education (1997)
- ❖ Transportation (1997)
- ❖ Cultural Resources (1997)
- ❖ General Government (1997)

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Classification Structure



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Program Number

1st Digit =
Program
Area

5

Environment

2nd Digit =
Program

6

Avoid and Reduce
Pollution

3rd Digit =
Sub-
program

2

Groundwater

4th Digit =
Element

0

No further
breakouts

NC Office of State Planning



1997-98 Certified State Appropriations by Program Area

Economic Development
& Commerce 2 %

Environment 2 %

Just. & Pub. Safety 4 %

Corrections 8 %

Human Services 5 %

Health
17 %

2 % General Government

Education 59 %

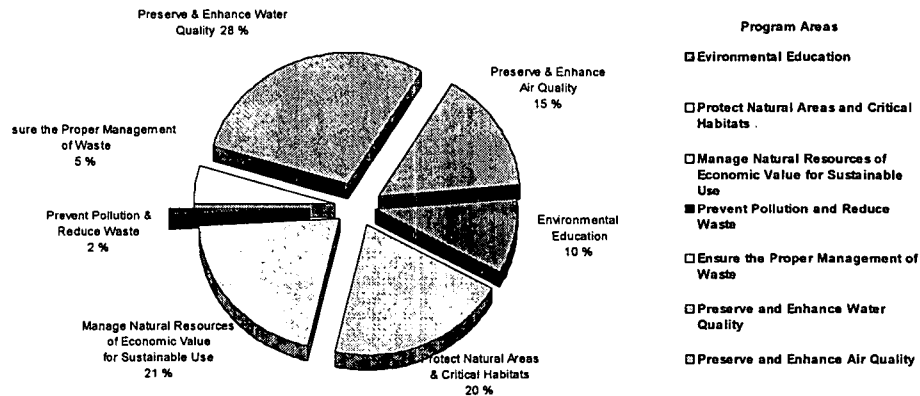
Program Areas

- Health
- Hum. Serv.
- Corr.
- Just. & Pub. Safety
- Envir.
- Econ. & Comm. Dev.
- Educ.
- Cul. Res.
- Gen. Gov.

NOTE: Transportation Program Area receives \$10.61 million in state appropriations.



1997-98 Environment Program Area by Program



NOTE: Support services and administrative functions as well as reserves and other accounting funds total \$ 30.70 M.



Performance Perspective

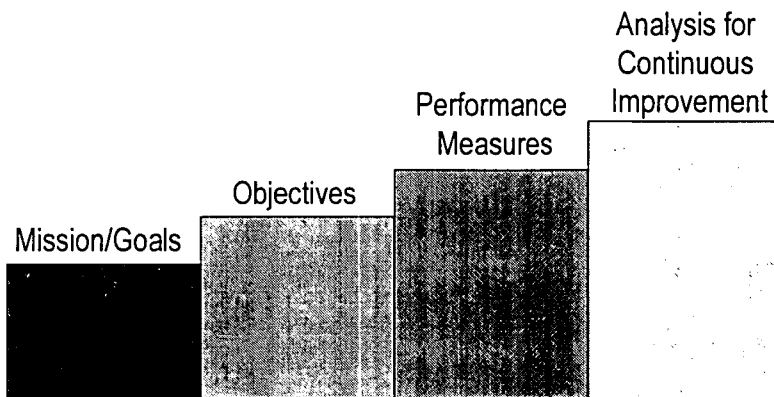
Performance budgeting enables decision- makers to evaluate each service vehicle for:



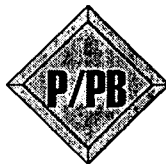
- ❖ Quality of service (customer satisfaction)
- ❖ Overall outcome (did we meet our target)
- ❖ Productivity (output/work process)
- ❖ Unit cost analysis (cost per unit)



Climbing the Steps toward Performance Management



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Well Written Objectives and Targets

Well written objectives and targets should be:

- ❖ Specific
- ❖ Measurable
- ❖ Aggressive but Attainable
- ❖ Results-oriented
- ❖ Time-bound

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Well Written Objectives

- ❖ Reduce the rate of infant mortality.
-Target reduction of 10% by FY1999
- ❖ Reduce the number of traffic accidents.
-Target reduction of 5% by FY2001
- ❖ Increase the number of viable coastal fishery stocks.
-Increase viable stocks from 13 to 18 by FY2002

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Types of Performance Measures

- ❖ Outcome - tells “how well” or “impact made” ✱
(cleaner environment, healthier public)
- ❖ Output (workload) - “how much” or “how many”
(no. of inspections, no. of clients)
- ❖ Input - resources applied to programs
(money, personnel, Information Tech., capital)
- ❖ Efficiency - relates outputs to resources
(unit costs, output per hour)
- ❖ Benchmark - comparison to standard
(national average, professional standard)

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Good Performance Measures are...

- ❖ valid and reliable
- ❖ sensitive to data collection costs
- ❖ focused on controllable facets of performance
- ❖ understandable
- ❖ timely
- ❖ resistant to undesired behavior
- ❖ comprehensive

NC Office of State Planning



Well Written Performance Measures

- ❖ Acres of fishery habitat improved (oc)
- ❖ Tons of pollutants kept out of surface waters (oc)
- ❖ Number of facility inspections (op)
- ❖ Cost per acre of restored fishery habitat (p)
- ❖ Cost per ton of pollutant prevented from entering water(p)

NC Office of State Planning

oc - outcome
op - output



Division of Forest Resources Mission Statement

The Division of Forest Resources has the lead role in managing, protecting and developing the forest resources of the state.

Three Sections:

- ❖ Forest Protection
- ❖ Forest Management/Forest Development
- ❖ Forest Stewardship

NC Office of State Planning



Division of Forest Resources Example of an Objective

Objective :

Sustain forest resources for future generations and the forest products industry.

Outcome measure :

Acres in commercial forest land.

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Division of Forest Resources Performance Measures

Outcomes (intermediate):

- ❖ **Number of acres reforested on non-industrial private forest land .**
- ❖ **Percent of forest harvest cuts that are successfully regenerated.**

Output: Number of landowners provided assistance in managing their woodlots.

Efficiency: Cost per landowner assisted.

Productivity: Annual cost per acre of reforested land.

NC Office of State Planning



Division of Waste Management Mission Statement

The Division of Waste Management is responsible for management of solid waste in such a fashion that protects the public health and environment.

Four Sections:

- ❖ **Solid Waste Section**
- ❖ **Superfund Section**
- ❖ **Hazardous Waste Section**
- ❖ **Resident Inspectors Program**

NC Office of State Planning



Division of Waste Management Example of an Objective

Objective :

Reduce the quantity of solid waste requiring disposal.

Objective Target:

Reduction of 40% by 2001

Outcome measure :

Percent reduction in waste disposed in solid waste management facilities.

NC Office of State Planning



Division of Waste Management Performance Measures

Outcome (intermediate): Number of local government solid waste plans reviewed.

Output: Number of compliance audits conducted.

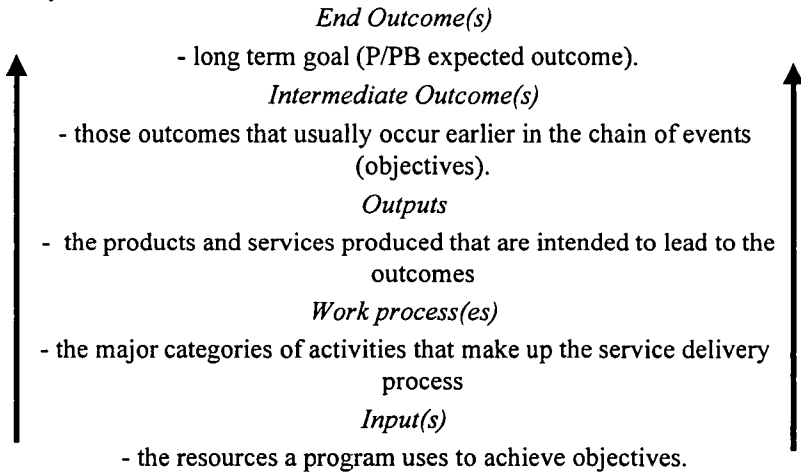
Efficiency: Cost per unit of local government assisted.

Productivity: Annual division cost per ton of solid waste not requiring disposed.

NC Office of State Planning



Causal/Relational Model



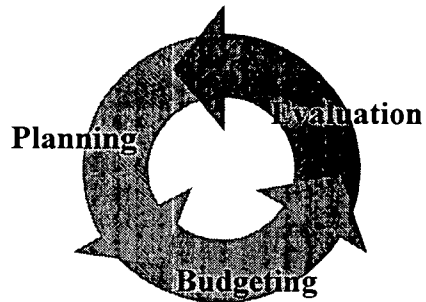
Benefits / Advantages

- ❖ Enables decision-makers to see the “big picture” by grouping activities that share similar purposes
- ❖ Directs attention to the causal relationships between program outcomes and outputs, work processes, activities, and inputs of agencies
- ❖ Provides a basis for short-term management and long-term evaluation
- ❖ Facilitates focus on agency performance
- ❖ Provides understanding as to the major priorities of the state



Performance planning and budgeting process

❖ The performance planning and budgeting process involves three phases:



5320 Forest resources

supplement to Attachment -
example -

Objective 1: Sustain forest resources for future generations and the forest products industry.

Measures	Actual				Estimated		Expected		Expected
	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	
Outcome Measures: Acres (in millions) in commercial forest land.	n/a	n/a	18.55	18.51	18.48	18.44	18.41	18.38	
Performance Measures: <i>Intermediate outcome measure:</i> Number of acres reforested annually on non-industrial private forest land	89,372	100,813	104,862	105,537	112,014	110,000	110,000	115,000	
<i>Output (workload) measure:</i> Number of additional acres of forest under management	252,104	327,772	320,086	339,280	312,323	320,000	320,000	325,000	
<i>Output measures:</i> Number of landowners provided on-the-ground assistance in managing their woodlands for maximum benefit	6,605	8,034	7,603	7,205	8,328	9,000	10,000	10,000	
Number of forest management plans prepared	4,825	6,123	5,655	5,522	6,091	5,600	5,800	5,800	
Number of assists provided to the wood products industry to improve efficiency, encourage value added production, and reduce unused residues	165	170	180	185	141	200	200	200	
Total attendance at state forests	99,621	120,460	138,421	147,165	154,466	175,000	178,000	181,000	

Current Situation:

During 1996, Hurricane Fran and Hurricane Bertha caused extensive damage to forest resources throughout most of Eastern North Carolina. The greatest economic losses occurred in Johnston, Pender, Sampson and Wake counties. The greatest acreages of lost timber occurred in Bladen, Brunswick, Columbus, Moore, Pender, and Sampson counties. Total economic losses are estimated at \$1.3 billion. The large amount of unharvested blown down timber will increase the risk of forest fires during the next few years.

Funds:

4300 EHNH
1210 Forestry Field Organization
1240 Forest Resources Central Office

5510 Solid and hazardous waste

Supplement to Attachment

Objective 1: Reduce the quantity of solid waste requiring disposal by 40% by 2001.

Measures	Actual				Estimated		Expected		Expected 1998-99
	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	
Outcome Measures:									
Percent reduction in waste disposed in solid waste management facilities	n/a	n/a	6%	0%	3%	6%	10%	15%	
Performance Measures:									
<i>Intermediate outcome measure:</i>									
Local government comprehensive solid waste management plans reviewed.	n/a	n/a	n/a	n/a	n/a	n/a	130	n/a	
<i>Output measures:</i>									
Number of compliance audits of solid waste management facilities conducted.	796	862	1,146	918	816	800	800	800	
County solid waste management reports reviewed.	100	100	100	100	100	100	100	100	
Solid waste facility reports reviewed.	38	32	125	129	194	219	220	220	
Municipal solid waste management reports reviewed.	511	512	516	516	516	516	516	516	

Current Situation:

All local governments are required to develop comprehensive solid waste management plans, including choosing a goal for waste reduction, by July 1997.

Funds:

4300 EHNR
1760 Solid and Hazardous Waste

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Natural & Economic Resources

February 18, 1998

Name of Committee

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

[illegible]

**Joint Appropriations Subcommittee on
Natural and Economic Resources**

Thursday, February 19, 1998

9:00 AM, Room 423

1. Program Overview

- Employment and Training Section
Workforce Development Division
Department of Commerce

Alan Alexander, Director

2. Executive Aircraft

- Report on Purchase of New Helicopter

Leo Tilley, Assistant Secretary
Department of Commerce

3. Beaver Control Program

- Overview of Beaver Management Assistance Program
- Eradication Efforts on State Property

Jon Heisterburg, State Director
Animal Damage Control - Wildlife Services
U.S. Department of Agriculture

4. Follow-up on Administrative Costs Associated with Health Transfer to DHHS

- Report on DENR's Share of Funding Shortfall

Henry Lancaster, Deputy Secretary
Department of Environment and Natural Resources

**Joint Appropriations Subcommittee
On
Natural and Economic Resources**

Thursday, February 19, 1998 at 9:00 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Thursday, February 19 at 9:00 a.m. in Room 423 of the Legislative Office Building. Seven Senate members attended the meeting, including the Chair, Senator R.L. "Bob" Martin, who presided. Representatives Mitchell, Baker, Carpenter, Fox, Hall, Owens, Tolson, Allen, Culp, Wilson, and Weatherly were present.

Senator Martin called the meeting to order. Mr. Mark Trogon, Fiscal Staff, provided the subcommittee with background information on the federal Job Training Partnership Act (JTPA), and the North Carolina Employment and Training Grant Program. Employment and Training Director Alan Alexander followed with a briefing of JTPA and stated its purpose to provide job training and other support services to economically disadvantaged person. Enacted into law in 1982, JTPA funds come to the state each year through a number of streams, each with their own target groups and special emphasis:

Title II-A – Adult Training Program – serves adults at least 22 years old, where 65% of program participants must be "hard-to-serve individuals". During the 1996 program year, 79% of participants has an unsubsidized job at placement with wages averaging \$7.30 per hour.

Title IIC – Youth Training Program – seeks to improve the long-term employability and educational skills of youth aged 16-21. Again, 65% of program participants must be "hard-to-serve individuals". Of the approximately 1660 participants in program year 1996, 56% secured unsubsidized jobs at the time they exited JTPA.

Title II-B – Summer Youth Employment and Training Program – provides work experiences for clients in a setting designed to enhance basic educational skills, encourage school completion or enrollment in additional programs, and simulates "real world" experiences. Approximately \$15 million was allocated last fiscal year for this program.

Title II-B – Summer Youth Employment and Training Program- provides work experiences for clients in a setting designed to enhance basic educational skills, encourage school completion or enrollment in additional programs, and simulates “real world” experiences. Approximately \$15 million was allocated last fiscal year for this program.

Title III provides employment and training assistance to dislocated workers who have lost their jobs due to layoff or closure, are considered long term unemployed, are unemployed due to local economic conditions, or because of natural disasters. Approximately 6,000 individuals participated in this program in 1996.

Participants in the **North Carolina Employment and Training Grant Program** must be economically disadvantaged adults, 18 years or older, or Title III eligible adults. This program supplements JTPA programs throughout the state, and allocates funds by formula to the 25 SDAs. Individuals receive employment and training services much like those offered for adults in the Title II-A program. 77% of the 1996 participants had unsubsidized jobs upon exiting the program.

Funds pass down to clients through 25 service delivery areas, or SDAs. Most small SDAs (including the seven single-county SDAs) do not contract programs out to other service providers. Of those who do contract, providers include the local community college, Division of Social Services, NC Labor Department, Employment Security Commission, local education agencies, and community-based organizations. Several members expressed an interest in the oversight mechanisms in place at the state level to ensure that participants follow federal and state requirements. Others were interested in methods of measuring participant results per dollar spent.

Mr. Leo Tilley, Department of Commerce, Assistant Secretary for Administration, updated the subcommittee on the status of the department’s purchase of a new helicopter for economic development recruitment. The department recently obtained a Citation Bravo jet at a cost of \$4.6 million through a municipal lease agreement. The yearly payments required by the state total approximately \$509,000. As of February 19, 1998, bids had not been solicited of the purchase of a helicopter. The department plans to open the bidding process the following Monday, keeping it open for 20 days. The Department of Administration’s Purchase and Contract Division will review bids, as will Commerce, then make a recommendation to the Board of Awards. Commerce anticipates that two or three companies will be able to meet the specifications set forth in the bid. Purchase and Contract representative, Ed Little, noted that vendors who receive bid packages will have ten days to comment on any concerns they may have regarding the bid. Several members suggested that the state look into purchasing a used helicopter. Others supported the department’s bid to purchase a new aircraft for economic development purposes, and stressed the idea of safety as one driving force behind such an acquisition.

Mr. Jon Heisterberg, State Director for Animal Damage Control, U.S. Department of Agriculture, gave the subcommittee an overview of the Beaver Management Assistance Program (BMAP). Funded yearly by the General Assembly through the Wildlife resources Commission, BMAP provides assistance to private landowners and governmental agencies to address beaver nuisance situations on private and public property. Currently, 40 counties are eligible to participate in the program at a state cost of \$450,000. Mr. Heisterberg noted that the beaver problem has increased over the past ten years, as the demand for and popularity of fur has declined. These rodents damage lands on private and public properties, highways, bridges, and soil and water conservation district land. Dr. David Jones, Director of the North Carolina Zoo, commented on recent problems with beaver at the Asheboro facility. Mr. Heisterberg indicated that his wildlife agents make 10 to 15 visits per site to assess damages and implement control methods. Representative Hunter questioned why the state was not receiving any more funding from the federal government. Mr. Heisterberg responded and suggested that folks contact their elected officials in Washington to express their interest in increased participation from the U.S. Department of Agriculture.

Deputy Secretary Henry Lancaster reported on DENR's share of a funding shortfall resulting from the transfer of health programs and associated administrative activities to DHHS. The department intends to cover the \$322,000 shortfall from the Division of Radiation Protection's budget. Specifically a permanent reduction will be taken in the contractual services line item for regulatory oversight costs associated with citing the Low-Level Radioactive Waste facility. Members asked if the department planned to come back to the subcommittee in the short session to ask for reinstatement of the funding if the project were to be revived. Mr. Lancaster indicated this is a possibility but that to his knowledge, activities associated with the project have ceased, and the reduction in the contracts line item is acceptable to the department, and Office of State Budget and Management has approved the budget revision.

The meeting adjourned at 3:00 p.m.


Carolyn M. Gooden, Committee Clerk


Senator R.L. "Bob" Martin, Chairman

Briefing Summary
Appropriations Subcommittee on Natural and Economic Resources
February 19, 1998

Agenda Item

Program Overview - Federal Job Training Partnership Act and the NC Employment and Training Grant Program

Agency

Department of Commerce
Workforce Development Division, Employment and Training Section

Background Information

The purpose of this agenda item is to provide the subcommittee with an overview of the state's participation in the federal Job Training Partnership Act (JTPA), the implementation of the North Carolina Employment and Training Grant program (as funded through the state Worker Training Trust Fund), and an insight into the state and local administrative structure that governs and administers these grant programs.

The core focus of these programs is to provide job training and other support services to "economically disadvantaged" individuals generally defined as welfare and food stamp recipients, the homeless, and low income persons as defined under federal poverty guidelines. In addition, within this economically disadvantaged group, additional emphasis is placed on so called "hard to serve" individuals who may also have other barriers to employment such as being a high school dropout, disabled, a criminal offender, etc. Funding for services to these individuals are categorized by federal law to serve on a year round basis adults age 22 and older, youths 16 to 21 years of age and a "summer" program for youths 14 to 21 years of age.

In addition, the federal JTPA grant has a component to serve "dislocated workers" who are defined as individuals who have become unemployed due to layoffs and plant closures, who are considered "long-term unemployed" (26 weeks or more), or who are self-employed individuals who remain unemployed due to weak economic conditions or unemployed as the result of a natural disaster.

Grant funds may be used to provide a variety of services including vocational training and remedial education. Support services such as transportation, health care and child care may also be provided to allow an individual to pursue vocational or remedial training.

Discussion Issues

- 1) Federal rules and regulations require the collection of certain performance measures and demographic statistics in order to measure the results obtained with funding provided by the Job Training Partnership Act. The subcommittee may wish to have the agency present a profile of the typical individuals served under this program and discuss the types of jobs entered into by clients, the wages earned upon participants exiting the program, and the level of sustained employment experienced by these individuals.
- 2) The administration and delivery of services under the Job Training Partnership Act and the NC Employment and Training Grant program are based at the local level. Specifically, local Workforce Development Boards govern the job training services provided and program administration is carried out by a variety of local entities including selected Counties, Cities, or Lead Regional Organizations under the Council of Governments framework. The subcommittee may wish to inquire about the origins of this service model and discuss other initiatives that are being operated under this structure (e.g., Welfare to Work, One-Stop Career Centers, and the School to Work program).
- 3) Funding provided under the Job Training Partnership Act and the NC Employment and Training Grant program are mandated to serve disadvantaged populations that are also served, in part, under the Work First program, the food stamp program, and other social service programs. The subcommittee may wish to inquire as to how multiple state and federal programs serving these disadvantaged populations coordinate their efforts to avoid duplicative services.

Attachment 12

THE JOB TRAINING PARTNERSHIP ACT AND WORKFORCE DEVELOPMENT BOARDS IN NORTH CAROLINA

Purpose of the Job Training Partnership Act

The Job Training Partnership Act (JTPA) is a federally funded job training program for persons who are economically disadvantaged; persons facing serious barriers to employment; individuals who have been displaced by plant layoffs and closures and individuals who are considered long-term unemployed.

Public Law 97-300, the Job Training Partnership Act was enacted in October 1982. In 1992 the Job Training Reform Amendments were enacted, resulting in some major changes in the philosophy, focus and purposes of the workforce development structure. The Job Training Reform Amendments of 1992, states the purpose of JTPA:

"It is the purpose of the Job Training Partnership Act to establish programs to prepare youth and adults facing serious barriers to employment for participation in the labor force by providing job training and other services that will result in increased employment and earnings, increased educational and occupational skills, and decreased welfare dependency, thereby improving the quality of workforce and enhancing the productivity and competitiveness of the nation."

Summary of Funding Streams.

Federal JTPA funds come to the state each year in a number of different titles, each with its own target group(s) and special emphasis. Also, for the past several years, the General Assembly has made available state funds from the Worker Training Trust Fund for the North Carolina Employment and Training Grant Program.

Most of the funds are then passed down by formula to twenty-five areas of the state called either service delivery areas or substate areas -- a technical distinction based on the title of JTPA funds involved. Since the geographical area covered by both is exactly the same in this state, the term "service delivery area" or SDA usually refers to both situations. Each of the twenty-five SDAs has a Workforce Development Board, or WDB.

Attachment A – Flow of Funds Under the Job Training Partnership Act traces the stream of funds from Congress and the North Carolina General Assembly to the local areas for program operations.

Attachment B – Overview of JTPA Clients and Services summarizes each funding source going to the local level and includes a discussion of targeted groups and typical services provided.

State-level Administrative Structure in North Carolina.

In North Carolina, the Division of Employment and Training in the Department of Commerce, is designated by the Governor to administer the JTPA program at the state level. The Division serves as the administrative entity for the state, but does not provide services to clients directly.

For some time now the State has been involved in the administration of a variety of federal employment and training efforts, including the Manpower Development and Training Act (MDTA) in the 1960's and then the Comprehensive Employment and Training Act (CETA) during the 1970's. The Job Training Partnership Act was enacted in 1982 and modified significantly in 1992.

As federal programs for workforce development have evolved, so have the roles and responsibilities of both the state-level and local-level delivery structures. Clearly local responsibility and accountability have increased since the 1960's --- CETA was far more decentralized than its predecessor, MDTA. The Job Training Partnership Act, like CETA, maintained a heavy reliance on local elected officials -- county commissioners and in a few instances the mayors -- for accountability and direction at the local level. JTPA further developed the local structure by mandating an enhanced role for the private sector in partnership with the local chief elected officials. Under JPTA, local business leaders chair private sector dominated boards in the planning and oversight of workforce programs in their area.

Local-level Administrative Structure in North Carolina.

North Carolina has twenty-five areas of the state called service delivery areas, each having a Workforce Development Board. These local Workforce Development Boards share the responsibility with chief elected officials in their area to design a program at the local level to meet the needs of their constituents. Workforce Development Boards largely determine who gets served in the SDA, what services these individuals will be provided, and what agencies will provide these services. Each service delivery area is required to submit a Local Job Training Plan which, among other things, specifies the administrative structure for the area -- the agency (ies) in each area that will receive funds from the state, administer the program, and staff the Workforce Development Board.

Geographical designations under the Job Training Partnership Act -- Service Delivery Area Designation. Section 101 of the Job Training Partnership Act, specifies the conditions under which a local area can petition the Governor to be a service delivery area. In North Carolina, the Governor has allowed counties to configure themselves in the manner most effective for the specific local areas. North Carolina began the Job Training Partnership Act program with twelve service delivery areas: ten mostly single counties that had been CETA "prime sponsors", a five county consortium in the planning region surrounding Mecklenburg county, and the remaining counties as part of a large balance-of-state SDA. There have been as many as twenty-eight service delivery areas in the state but over the last few years the number has stabilized at the current twenty-five.

Attachment C -- North Carolina Service Delivery Areas is a map of the current service delivery areas in North Carolina.

An SDA may consist of a single county. This is the case in seven areas: Cumberland, Durham, Mecklenburg, Davidson, Gaston, Guilford, and Forsyth counties.

The remaining service delivery areas are consortia of counties, most of which follow the geographical boundaries of the Lead Regional Organization structure in the state.

Chief elected officials and JTPA.

The Job Training Partnership Act defines and specifies a number of roles for the chief elected official at the local level. As the area's formal contact and signatory authority, the chief elected official appoints the Workforce Development Board members and jointly submits the area's Local Job Training Plan with the Workforce Development Board each year. Chief elected officials also assume liability for the funds spent in their service delivery area.

Three of the single county service delivery areas have one chief elected official, the chairman of the county commissioners. In two areas, the mayors are the chief elected officials, while two other service delivery areas have two chief elected officials, having designated the mayor as well the chairman of the county commissioners.

While multi-county service delivery areas also have the option to designate multiple "chief elected officials" for JPTA purposes, all multi-county service delivery areas in North Carolina currently designate a single chief elected official.

Consortia Agreements. Any service delivery area involving more than one unit of local government must develop a consortium agreement which must be ratified by resolutions of the governing board of each member unit of local government. Consortium agreements include (1) an identification of the official(s) that is to represent the service delivery area as the "chief elected official" to serve as the primary contact for the SDA and to act as the signatory authority for the SDA, and (2) an agreement for sharing liability among the participating units of government.

Designation of local administrative entities for JTPA programs. JTPA requires the chief elected official and the Workforce Development Board to enter into an agreement that, among other things, designates an agency to administer the JTPA program at the local level. The law permits a different agency for Title II and Title III programs, and in North Carolina there are three instances where the administrative entity for Title II is not the same as the entity (a "substate grantee") for Title III. In all three cases, the North Carolina Employment Security Commission is the designated entity for the Title III program in that area.

Generally, the smaller, single county service delivery areas are administered by units of government, either city or county. Multi-county areas are typically

administered by Lead Regional Organizations with some exceptions. Attachment D – SDA Administration contains a complete listing of administrative entities for each of the twenty-five areas.

Local Planning.

In accordance with Section 104 of the Act, each service delivery area must develop a two-year plan for the use of funds under the Job Training Partnership Act. The plan is developed in accordance with the procedures outlined by the chief elected official and Workforce Development Board (also part of the chief elected official/Workforce Development Board agreement). Section 104 indicates all areas that must be addressed in order for the plan to meet the requirements established by the Congress.

The Division of Employment and Training develops planning instructions to ensure that all federal and state requirements are appropriately addressed by the SDA/WDB. The State specifies expected products but does not prescribe a particular local level planning process that must be followed in developing the SDA plan. The process will likely vary among SDAs, and is tailored to the local area to best address local needs. SDAs will consider the local economy, the purpose of the Act and the goals and objectives of the Secretary of the U.S. Department of Labor and the Governor's Goals and Objectives in developing the Job Training Plan.

The WDB and SDA administrative entities are strongly encouraged to use a strategic planning process to facilitate the coordination of available JTPA resources. The Job Training Partnership Act emphasizes client-centered programs and services. To provide client focused programs, a strategic planning process is necessary to determine the characteristics of the population that is likely to be served, the service needs of potential clients, employment possibilities and training necessary to compete in the local job market, and the nature and extent of available community resources. Most local areas utilize some degree of a strategic planning process in the development of Job Training Plans.

Most service delivery areas have planning committees of the Workforce Development Board that are closely involved in the development of the SDA's Local Job Training Plan. Further, a number of the multi-county SDAs/WDBs go through a formal or informal planning process at the individual county level. This may involve the establishment of a local (generally county) planning committee. The county planning committee will likely involve the private sector members of the WDB from the county, along with any WDB agency members from the county and other agency representatives (such as representatives from local community college; representatives of community based organizations, representatives from the ESC local office serving the county, and other interested parties.)

The Local Job Training Plan consists of three major sections:

- Job Training Plan Summary
- Master Plan. This section outlines the local planning process and the goals and objectives established for the period of the plan. It also includes descriptions of the system in place to ensure fiscal integrity, administrative integrity and systems

for working with clients, payment policies, supportive service policies and other appropriate systems or policies.

- Program Plan. The Program Plan includes services to be provided under the Job Training Partnership Act: Title II-A Adult Programs; Title II-C Youth Programs; Title II-B Summer Youth Employment and Training Programs; the North Carolina Employment and Training Grant Program and the Title III Dislocated Worker Programs. This section also includes how special requirements in the Act and Regulations will be addressed and individual program budgets.

Section 105 of the Act requires that a summary of the job training plan be published; and that the plan summary be made available for review and comment to: each house of the State Legislature; appropriate community-based organizations and local education and other public agencies in the service delivery area; and labor organizations in the area. The plan summary and the final plan shall be reasonably available to the general public for review and comment. The Division has historically provided the General Assembly with the required Job Training Plan Summaries prior to the first year of the two-year plan (the upcoming year, Program Year 1998 - July 1, 1998 through June 30, 1999, is the first year of the two-year plan.) Service delivery areas must ensure that all other review and comment requirements are met.

The Job Training Plan must be submitted jointly by the Workforce Development Board and the Chief Elected Official to the state. Staff at the Division of Employment and Training review each job training plan and make recommendations to the Governor's Commission on Workforce Preparedness for approval of plans.

Workforce Development Boards.

The Job Training Partnership Act is a relatively decentralized program. By design, many important program decisions are left to local discretion. As the policy-making body at the local level, Workforce Development Boards largely determine who will be served in the program, the services those clients will receive, and what agencies will provide these services to clients.

Section 102 of the Act lays out requirements for the establishment of a Private Industry Council (known in North Carolina as a Workforce Development Board). Each service area has a local Workforce Development Board to "provide policy guidance for, and exercise oversight with respect to, activities under the job training plan for its service delivery area" in partnership with the local chief elected official in the service area.

The precursor of the Workforce Development Board in North Carolina was the Private Industry Council, or PIC. The Private Industry Councils were established in 1982 with the enactment of the Job Training Partnership Act. The responsibilities of the Private Industry Councils have become much broader and more significant through legislative changes with the Job Training Partnership Act and changes resulting from executive actions taken in the State. Governor Hunt issued Executive Order 90, Establishment of Workforce Development Boards, on December 5, 1995 (Attachment E). The Executive Order renamed Private Industry Councils as Workforce Development Boards in order to differentiate the responsibilities added by Executive Order 90 to oversee the establishment and implementation of the One-Stop Career Centers and subsequently

the School-to-Work Initiatives for the state. The membership requirements of the Workforce Development Boards are the same as for Private Industry Councils and are set forth in Section 102 of the Job Training Partnership Act.

As the responsibilities of the Workforce Development Boards continue to expand, the local boards are well qualified and ready to meet any new challenges and responsibilities.

Workforce Development Board Membership

Workforce Development Boards are made up of a majority (at least 51%) of business and industry representatives, one of whom must be the chair. A minimum of 15% of the membership comes from organized labor and community based organizations. Other sectors represented include: education; vocational rehabilitation; public assistance; economic development; and the public employment service. See Attachment F – Workforce Development Board Membership for a complete membership listing in all twenty-five-service delivery areas.

Appointments process.

The chief elected official in the service delivery area appoints members to the local Workforce Development Board. If there is only one unit of general local government with experience in administering job training programs within the service delivery area, the chief elected official of that unit appoints members to the Workforce Development Board from the individuals nominated or recommended.

Where there are two or more units of general local government in the service delivery area, the chief elected officials of such units appoint members to the Workforce Development Board from the individuals so nominated or recommended in accordance with an agreement (the consortium agreement) entered into by units of general local government. Most of the multi-county SDAs in North Carolina require that a specific number of the members of the WDB come from the political subdivisions (counties) within the SDA.

In accordance with Section 102(c)(1)(A) of the Act:

- Private sector representatives on the council shall be selected from among individuals nominated by general purpose business organizations after consulting with, and receiving recommendations from, other business organizations in the service delivery area. The number of such nominations shall be at least 150 percent of the number of individuals to be appointed under subsection (a)(1). Such nominations, and the individuals selected from such nominations, shall reasonably represent the industrial and demographic composition of the business community. Whenever possible, at least one-half of such business and industry representatives shall be representatives of small business, including minority business.

- Agency members shall be nominated by the appropriate agencies or constituencies within the SDA.

Functions of the Workforce Development Boards

Section 103 of the Act lists the functions of the Workforce Development Board. As previously stated, "It shall be the responsibility of the private industry council to provide guidance for, and exercise oversight with respect to, activities under the job training plan for its service delivery area in partnership with the unit or units of general local government within its service delivery area."

Additional responsibilities of the WDB, in accordance with agreements with the appropriate chief elected official or officials are:

- to determine procedures for the development of the local Job Training Plan;
- to select an entity to administer the local Job Training Plan;
- to provide oversight of the programs conducted under the local Job Training Plan in accordance with procedures established by the WDB. This requires that the WDB have access to information concerning the operations of programs; and
- to submit the local Job Training Plan to the state. No Job Training Plan prepared under section 104 may be submitted to the Governor unless the plan has been approved by the WDB and by the appropriate chief elected official or officials and the plan is submitted jointly by the WDB and the chief elected official(s).

Additional Duties and Responsibilities of Workforce Development Boards as Specified in Executive Order 90

Executive Order 90 expands the duties of the Workforce Development Boards to include responsibilities for Governance, Chartering and Oversight of JobLink Career Centers. The Boards establish performance criteria and provide JobLink centers with a time-limited charter of operation that acts as the center's business license. To date 24 of the 25 Service Delivery Area's in North Carolina have received implementation funds to develop JobLink Career Centers.

At a minimum, JobLink Centers integrate the services of the following six local agency partners: Service Delivery Area Job Training Partnership Act programs; Community Colleges; Employment Security Commission; JobReady (School to Work); Vocational Rehabilitation; and Departments of Social Services. Partnerships with additional agencies are encouraged by the Workforce Development Boards.

A fact sheet on the JobLink Career Center Systems and a listing of the Job Link Centers are found in Attachment I.

Accountability of the Workforce Development System

Financial accountability at the local level

As a part of a required State and Service Delivery Area Memorandum of Agreement, governing the roles and responsibilities of the State and the SDA, the chief elected official for the SDA assures the following:

- the SDA will comply with the requirements of the Act and Regulations, all other applicable Federal Regulations, Statutes of the State of North Carolina and written policies, procedures and guidelines issued by the Division of Employment and Training.
- the appointment of the Workforce Development Board will be in accordance with the Act.
- the chief elected official will enter into an agreement with the WDB.
- the chief elected official will approve and submit, jointly with the WDB, the Job Training Plan for the SDA.
- the Units of Local Government in the SDA (in accordance with consortium agreements, as applicable) accept joint and several liability for all activities carried out under the Act and all funds received under the Act.

Funds are distributed by formula to the local administrative entity. This entity enters into a Subgrant Agreement with the Division for the safeguarding of these resources.

State Level Monitoring and Oversight

The Division of Employment and Training monitors all funds as part of its ongoing monitoring and oversight procedures. DET staff monitor SDA activity through both on-site visits and in-house reviews of client and financial reports. Each service delivery area is monitored by the Division on-site one time each year. Each SDA also undergoes a Title II-B Summer Youth Employment and Training monitoring visit.

Monitoring visits are comprehensive and include a review of administrative, financial and programmatic systems. Staff will conduct both entrance and exit interviews with the SDA or agency personnel and send a written report of the findings of the review as soon as possible after the visit. When deficiencies are noted, these are corrected during the visit. If a correction is not possible during the visit, the report will indicate if there is a required date by which it must be made. Documentation of the correction may be obtained from the grant recipient, during a follow-up visit, or during the next regularly scheduled review, whichever is most appropriate for the situation.

The Division provides technical assistance and advice to service delivery areas through general training sessions, correspondence, and individual technical instruction and meetings, as appropriate. Technical assistance is also provided during the monitoring visit. Deficiencies or problems noted through oversight and monitoring will trigger technical assistance visits to assist in correction.

U.S. Department of Labor Oversight

The Secretary of the U.S. Department of Labor is authorized to monitor all recipients of financial assistance under this Act to determine whether they are complying with the provisions of the Act and Regulations (Sec. 165 of the Act). These provisions include the program requirements under Title I, Part C "Program Requirements for Service Delivery Area System," such as general program requirements, benefits, labor standards (health and safety standards, nondisplacement of employees), grievance procedure and Part D-Federal and Fiscal Administrative Provisions, including the prompt allocation of funds by the Secretary.

Diversity in Local Service Delivery Structure

One of the cornerstones of the Job Training Partnership Act has been its decentralized governance structure. While the Act does provide a common framework for program operation, it also leaves a fair amount of discretion to the rest of the delivery structure – states and Workforce Development Boards – to set up systems, procedures and policies that best address their unique needs within this common framework.

Clearly, what might work best in one area of the state will not necessarily be the best approach in another -- a delivery system designed to serve the residents of the City of Charlotte/Mecklenburg County might not work all that well for the Lumber River Job Training Consortium. Since the beginning of JTPA, the Division has focused its policies and procedures on providing the local Workforce Development Boards with sufficient flexibility to structure a program that will work for them locally. While this has resulted in a highly successful program across the state, success seems to come at the expense of overall JTPA identity and recognition.

Service delivery areas do not vary radically across the state, but clearly there is diversity among the twenty-five SDAs in North Carolina. SDA size and administrative structure can vary considerably; differences in these areas were discussed in earlier sections of this document.

SDA programs can also vary somewhat as to the kinds of clients they serve and the services these clients receive. These are local decisions. Attachment B provides a summary of the types of clients served and the types of services these clients received *by funding title* across SDAs during the last program year. While not all SDAs offer the same Title II-A services to the same type of Title II-A clients, these differences are not significant.

However, Attachment B will show considerable variation as to the kinds of clients served and the services these clients receive when *different funding titles* are examined. For example, Title IIA, the primary title for economically disadvantaged adults, served about 37% AFDC clients during the last program year. During that same period, less than 2% of the clients in the Title III – dislocated workers program were received AFDC.

Another area that can vary widely from SDA to SDA has to do with service providers – those agencies that actually deliver the services to clients within the service delivery area.

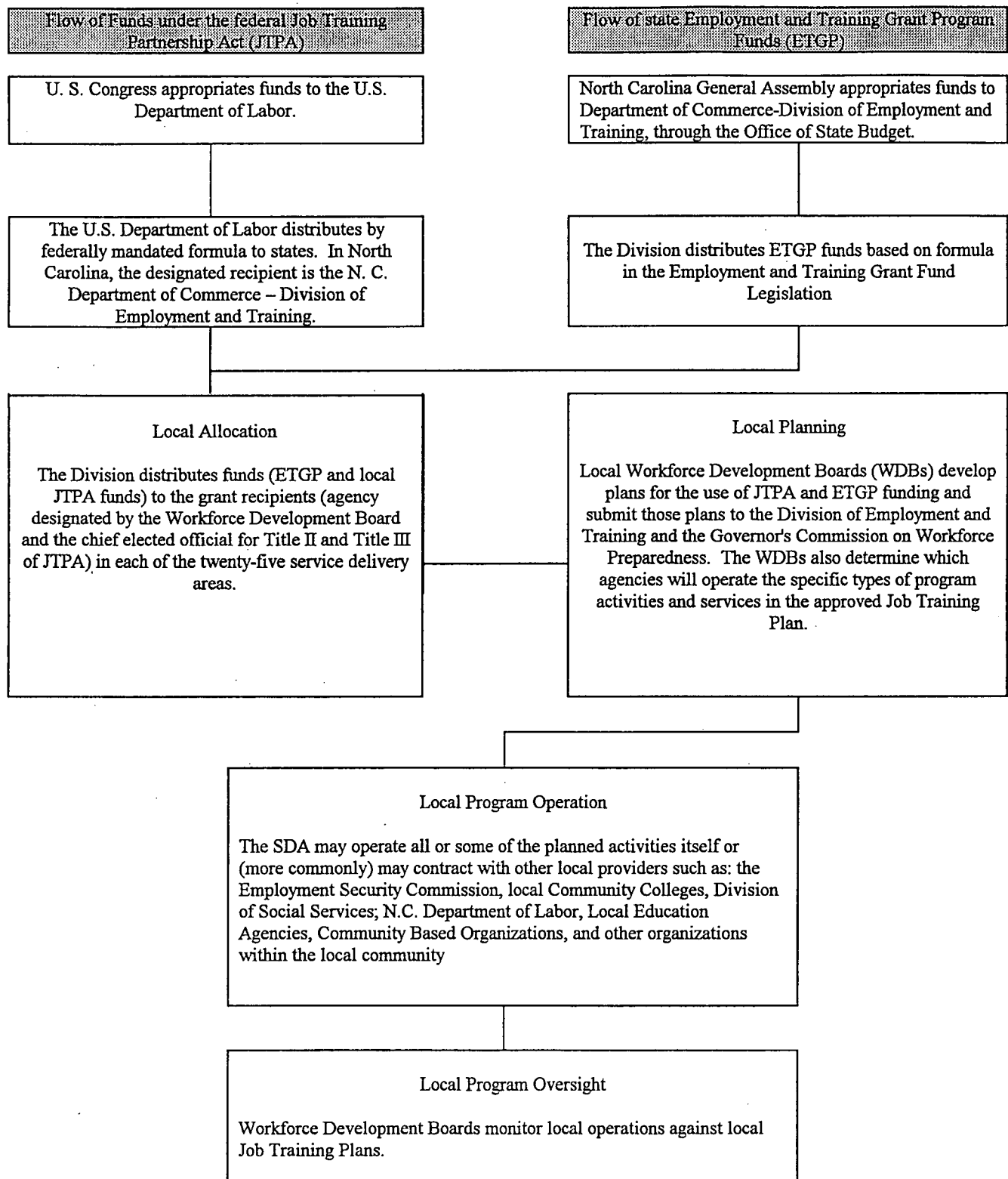
Service providers in JTPA. Most small service delivery areas do not contract (or rarely contract) their programs out to other service providers in the area. Roughly a third of the twenty-five SDAs fall into this category, including the seven single-county SDAs. Under this delivery structure, JTPA resources still flow to other partners in the area. A typical example – the referral of an individual to the local community college -- involves the payment of tuition, books, and fees for a JTPA client at the local community college. In this example the JTPA administrative entity might provide assessment, intake, counseling, supportive services, case management, and job placement, but provide occupational skills training for the client directly from the local community college.

Most large multi-county service delivery areas contract out all (or most) of their programs to other service providers in the local service delivery area. Most of the JTPA dollars each year in North Carolina are actually spent by other agencies through contractual agreements with the administrative entity in the service delivery area. These other service providers include: the local community college; the Division of Social Services; the NC Department of Labor; the local education agencies; the Employment Security Commission; and the local community based organizations.

As an example, the delivery structure in the large multi-county area might work as follows: the Workforce Development Board/administrative entity releases a Request for Proposal for all the services (programs) in that year's local Job Training Plan. The Employment Service bids on the SDA's on-the-job training program for that year and the Workforce Development Board awards ESC the contract. The local Employment Service office – as a JTPA service provider -- would then use the SDA's JTPA funds to develop on-the-job training slots with local employers.

Finally, there are a few remaining service delivery areas where the Workforce Development Board and the chief elected official plan a program that combines significant amounts of both these delivery approaches -- contracting with local services providers for some services and providing others in-house.

Attachment A – Flow of Employment and Training Funds in North Carolina



Attachment B – Overview of JTPA Clients and Services.

Title II - Training Services for the Disadvantaged Part A - Adult Training Program

Who is eligible for the program?

Adults in the program must be economically disadvantaged and at least 22 years old. Economically disadvantaged is defined to include welfare recipients, food stamp recipients, homeless individuals, and persons meeting a 6-month income test (Federal poverty guidelines for JTPA set income for a family of four at just over \$15,000 annually).

At least 65% of the program's participants must be hard-to-serve individuals from among the following categories: basic skills deficient; school dropout; recipient of cash welfare payments; offender; disabled, or homeless.

During program year 1996 (July 1, 1996 to June 30, 1997) 5303 adults participated in the II-A program. The enrollment mix was predominately female (82%) and between the ages of 22 and 54 (97%).

Statewide, 88% of the adults served came from among one or more of the hard-to-serve groups described above.

Significant groups were represented as follows: food stamp recipients (59%), AFDC recipients (37%), dropouts (12%), offenders (12%), and persons with disabilities (8%).

What services are typically provided?

Eligible individuals may receive a wide array of employment and training services. These services are to be based on an assessment of each individual's skill levels and service needs and may include the following: occupational skills training (in the classroom or on-the-job training at the employer's site); basic skills training; pre-employment skills training, work experience; and job search assistance. Supportive services may include: transportation, child care, health care, temporary shelter, and other reasonable expenses which are necessary to enable an individual eligible for training but who cannot afford to pay for such services to participate in training.

Almost four of every five adults in the program received occupational skills training of some kind — with training at local community colleges (67%) and on-the-job training in the private sector (12%) accounting for most of that. Other activities included: job search (10%); basic skills training (5%) and pre-employment skills training (5%).

Title II - Training Services for the Disadvantaged

Part C - Youth Training Program

Who is eligible for the program?

Generally, youth in the year round program must be economically disadvantaged and 16 - 21 years of age --- local areas do have the option to provide some services to economically disadvantaged youth 14 -15 years of age. Additionally, JTPA provides a strong linkage with the secondary school system by allowing in-school youth eligible to receive free meals under the National School Lunch Act and students participating in a compensatory education program under Chapter 1 of Title 1 of the Elementary and Secondary Education Act to be eligible to receive services under II-C of JTPA.

At least 65% of the in-school participants must also be hard-to-serve individuals: basic skills deficient; having low educational attainment (1 or more grade levels below the grade level appropriate to the age of the individual); pregnant or parenting; having a disability, including a learning disability; homeless or run-away youth; and offenders. At least 65% of the out-of-school youth participants must also be hard-to-serve individuals: these categories are the same as for the in-school except that school dropouts replace the low educational attainment category. Also, at least 50% of the youth in the program are to be out-of-school.

During program year 1996 (July 1, 1996 to June 30, 1997) 2331 youth participated in the IIC program. The enrollment mix was predominately female (64%), black (65%) and age 16 to 21 (93%).

Statewide, 91% of those participating came from among one or more of the hard-to-serve groups mentioned above.

Significant groups were represented as follows: food stamp recipients (38%), AFDC recipients (26%), dropouts (37%), offenders (15%), and persons with disabilities (9%).

What services are typically provided?

Youth may receive a wide array of employment and training services, including any of the employment and training services available for adults in the II-A program. Services provided are to be based on an assessment of each individual's skill level and services needs.

Many activities in the IIC program are designed to enhance the employability of our youth --- basic education skills training (31%) and pre-employment skills training (29%). In contrast with adults in IIA, only 26% of IIC participants received occupational skills training, mostly through training at the local community college.

Title II - Training Services for the Disadvantaged

Part B - Summer Youth Employment and Training Program

Who is eligible for the program?

Youth in the program may be students or may be out of school, but must be between the ages of 14 and 21, inclusive, and either:

- a) economically disadvantaged
- b) free lunch eligible under the Nation School Lunch Act
- c) participating in a compensatory education program under Chapter I of Title I of the Elementary and Secondary Education Act of 1965, or
- d) participating in a school-wide project for low-income schools that is established in accordance with criteria at Section 263(g) of the Act.

During the summer months, 7,646 youth participated in the Title IIB program. The enrollment mix was split fairly evenly between males and females. Most clients in the summer program were black (79%) and students (87%).

Significant groups were represented as follows: food stamp recipients (26%), AFDC recipients (13%), and persons with a disability (8%).

What services are typically provided?

Services provided are determined by an individual assessment of basic skills, pre-employment and work maturity skills, and supportive services needs. The typical program would provide work experience between 25 and 40 hours per week during the summer months with compensation at the federal minimum wage. The work experience may be supplemented with basic or remedial education instruction and/or pre-employment and work maturity skills training based on the results of the individual assessment. Supportive services, like transportation and health care, may also be provided if they are necessary to enable the individual to participate.

All summer youth clients participate in work experience activities.

Title III - Employment and Training Assistance for Dislocated Workers

Who is eligible for the program?

This program is available for dislocated workers --- persons who have lost their job due to a layoff or closure, or those individuals who are long term unemployed (26 weeks or more), self-employed individuals who are unemployed as a result of general economic conditions in their local community or because of natural disasters.

During program year 1996 (July 1, 1996 to June 30, 1997) 6,007 individuals participated in the Title III program. The enrollment mix was predominately female (74%), white (66%), and over age 22 (97%)(5% over age 55).

Significant groups were represented as follows: food stamp recipients (5%), AFDC recipients (2%), offenders (3%), and persons with disabilities (2%). Only 12% of Title III participants were economically disadvantaged and 89% had a high school equivalency or better at the time of application.

What services are typically provided?

A wide array of readjustment services are available to dislocated workers to help them make the transition to other employment. Services provided are to be based on an assessment of each individual's skill level and services needs. Basic readjustment services may include: counseling; assessment; labor market information; job search; and relocation assistance. Individuals needing additional training to make the transition may receive the following retraining services: occupational skills training (classroom or on-the-job training at the employer's site); basic skills training (including remedial education, literacy training, and English for non-English speakers training); and other training directly related to appropriate opportunities in the substate area. Also, supportive services, including child care, transportation, and financial and personal counseling are available when needed.

Most dislocated workers received some kind of occupational skills training —over four in five individuals received occupational skills training at the local community college (75%) and on-the-job training (6%). Other services included: basic readjustment services (11%) and basic skills training (8%).

North Carolina Employment and Training Grant Program

Who is eligible for the program?

Eligible individuals must be economically disadvantaged adults (18 years or older) or Title III eligible adults.

During program year 1996 (July 1, 1996 to June 30, 1997) 2,612 adults participated in the ETGP program. The enrollment mix was predominately female (82%) and between the ages of 22 and 54 (78%).

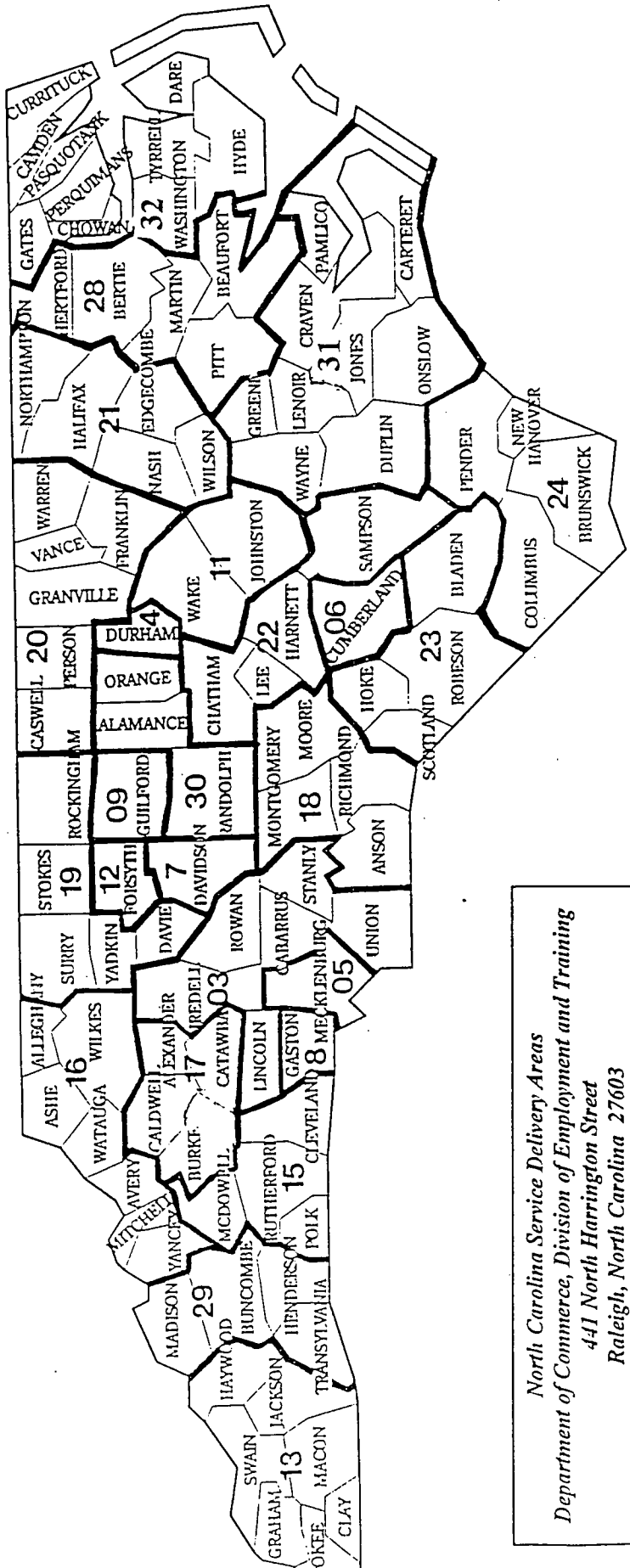
Significant groups were represented as follows: food stamp recipients (47%), AFDC recipients (31%), dropouts (16%), offenders (10%), and persons with disabilities (5%).

What services are typically provided?

Eligible individuals may receive a wide array of employment and training services, including any of the employment and training services available for adults in the II-A program. Services provided are to be based on an assessment of each individual's skill level and services needs.

Three of every four adults in the program received occupational skills training of some kind — with training at local community colleges accounting for most of that.

North Carolina Service Delivery Areas



North Carolina Service Delivery Areas
Department of Commerce, Division of Employment and Training
441 North Harrington Street
Raleigh, North Carolina 27603
Tel.: (919) 733-6383 1-800-562-6333
Fax: (919) 733-6923

03	Centralina Job Training Consortium	(704) 372-2416	18	Region H Job Training Consortium	(910) 895-6306
04	Central Piedmont SDA	(919) 560-4121	19	Northwest Piedmont Job Training Cons	(910) 761-2111
05	Charlotte/Mecklenburg Consortium	(704) 336-3952	20	Kerr-Tar Interlocal Consortium for JT	(919) 492-8561
06	Cumberland County Workforce Dev.	(910) 323-3421	21	Region L Job Training Consortium	(919) 446-0411
07	Davidson County Service Delivery Area	(910) 242-2065	22	Mid-Carolina Service Delivery Area	(910) 323-4191
08	Gaston County Service Delivery Area	(704) 866-3950	23	Lumber River Job Training Consortium	(910) 618-5533
09	Greensboro/High Point/Guilford JTC	(910) 373-5922	24	Cape Fear SDA Job Training Consortium	(910) 395-4553
11	Capital Area Job Training Consortium	(919) 856-6040	28	Region Q SDA Job Training Consortium	(919) 946-8043
12	Winston-Salem/Forsyth County Cons	(910) 727-8002	29	Mountain Area Job Training Services	(704) 255-5151
13	Southwestern NC Service Delivery Area	(704) 488-9211	30	Regional Consolidated Services E&T	(910) 629-5141
15	Region C Job Training Consortium	(704) 287-0262	31	Eastern Carolina Workforce Development	(919) 636-6901
16	Region D Service Delivery Area	(704) 265-5134	32	Albemarle Interlocal Cooperative Cons for JT	(919) 946-8043
17	Western Piedmont Job Training Cons	(704) 322-9191	25	TOTAL SDAs	

Attachment D -- SDA Administration

Service Delivery Area Name	Administrative Entity	Number JTPA/ETGP Administrative Staff Positions (full-time equivalents)
Centralina	Centralina Council of Governments	2.75
Central Piedmont	City of Durham	2.5
Charlotte-Mecklenburg	City of Charlotte	2
Cumberland County	Cumberland County	4
Davidson County	Davidson County	3.5
Gaston County	Gaston County	1
Greensboro/High Point/ Guilford County	City of Greensboro	5
Capital Area	Wake County	4.5
Winston-Salem/Forsyth	City of Winston-Salem	4
Southwestern NC	Southwestern N C Planning & Economic Development Commission	2.5
Region C	Isothermal Planning & Development Commission	2.75
Region D	Region D Council of Governments	2.28
Western Piedmont	Western Piedmont Council of Governments	1.5
Region H	Pee Dee Council of Governments	4
Northwest Piedmont	Northwest Piedmont Council of Governments	5
Kerr-Tar	Kerr-Tar Regional Council of Governments	3
Region L	Upper Coastal Plan Council of Governments	3
Mid-Carolina	Mid-Carolina Council of Governments	2.5
Lumber River	Lumber River Council of Governments	5
Cape Fear	Cape Fear Council of Governments	5
Region Q	Mid-East Commission	4
Mountain Area	Buncombe County	4.5
Regional Consolidated Services SDA	Regional Consolidated Services, Inc.	2.88
Eastern Carolina	CETC Employment Opportunities	6
Region R	Mid-East Commission	2

State of North Carolina



JAMES B. HUNT JR.
GOVERNOR

EXECUTIVE ORDER NO. 90 ESTABLISHMENT OF WORKFORCE DEVELOPMENT BOARDS

WHEREAS, North Carolina needs a competitive workforce to compete in the global economy; and

WHEREAS, North Carolina must ensure significant improvements in the quality and quantity of its educational and training programs to attain and maintain a world-class workforce; and

WHEREAS, the private sector, along with the workforce development agencies must lead North Carolina's efforts to develop an integrated workforce development system; and

WHEREAS, private sector led Workforce Development Boards can serve as vital local bodies which can provide comprehensive and integrated policy guidance for all publicly funded workforce development services; and

WHEREAS, Workforce Development Boards can also play an invaluable role in mobilizing and encouraging investments by North Carolina employers and citizens in skill upgrading and lifelong learning so that our state's workforce remains an internationally competitive asset; and

WHEREAS, the United States Department of Labor has granted the State of North Carolina funding to implement a one-stop career center system; and

WHEREAS, the local governance body for the One Stop Career Centers in North Carolina will be private sector led Workforce Development Boards in collaboration with State local education, employment, and training agency partners;

NOW THEREFORE, by the authority vested in me as Governor by the Constitution and laws of North Carolina and the United States, it is ORDERED:

Section 1. ESTABLISHMENT.

A. The Private Industry Councils (PICs) operating in the sub-state service delivery areas under provisions of the Federal Job Training Partnership Act are hereby designated and established as North Carolina's local or regional Workforce Development Boards for continuing purposes of the Federal Job Training Partnership Act and as the governance boards for the One Stop Career Centers to be established under North Carolina's One Stop Career Center system. Additionally, to achieve coordination with statewide economic development planning and policy, local or regional Workforce Development Boards will be linked with the appropriate region(s) of the North Carolina Partnership for Economic Development.

B. The local or regional Workforce Development Boards designated and established under the powers of this Executive Order are considered an interim step until the issues of sub-state service areas and local or regional planning and governance boards are addressed by pending Federal workforce development "block grant" legislation.

Section 2. MEMBERSHIP.

A. Membership of Workforce Development Boards shall be as specified under Section 102 of the Federal Job Training Partnership Act.

B. Procedures for nominations, appointments, and terms of office shall be under the provisions of Section 102 of the Federal Job Training Partnership Act, and continue the requirement to have a private sector chair and at least 51% of its membership from private sector employers. Local elected officials shall continue in their role of appointing authority as specified in the Federal Job Training Partnership Act.

C. Membership of currently existing Private Industry Councils will be certified as being in accordance with the provisions of the Federal Job Training Partnership Act by the Commission on Workforce Preparedness prior to designation of existing Private Industry Councils as Workforce Development Boards.

D. Chairperson, officers, and organizations shall be as specified under provisions of the Federal Job Training Partnership Act and under the locally developed workplans to address the functions and purposes of the organization.

Section 3. DUTIES AND RESPONSIBILITIES

A. Duties and responsibilities of the local or regional Workforce Development Boards are as follows:

1. Plan and oversee the delivery of all workforce development programs specified as responsibilities of the Private Industry Councils under the Federal Job Training Partnership Act and of North Carolina's One Stop Career Center system;
2. Advise local elected officials, employers, local education agencies, and community colleges, State and local employment and training agencies and citizens about policy, programs and other information relative to their service area workforce;
3. Serve as a point of contact for business, industry, and the public sector to communicate their workforce needs;
4. Develop a local plan in coordination with appropriate community partners that addresses the workforce development needs of their service area, which is responsive to the goals, objectives, and performance standards established by the Governor;
5. Collaborate with the local JobReady Council(s), local education agencies and local community colleges in the development of school-to-work plans;
6. Review and approve local Job Ready plans for submission to the State JobReady Partnership Council;
7. Develop industry or sector cluster analysis in order to set training priorities in the service area;
8. Charter career centers, monitor activities, and evaluate the performance of the career centers, programs, and activities; and
9. Develop linkages with regional and local economic development efforts and activities in the service area and promote cooperation and coordination among public organizations, community organizations, education agencies and private businesses.

B.. Workforce Development Boards shall not operate or manage One-Stop Career Centers but shall serve in the role of governance providing planning, monitoring, evaluation, and oversight.

Section 4. WORKFORCE DEVELOPMENT PROGRAMS.

A. In addition to the duties, responsibilities, and authority identified in the Federal Job Training Partnership Act, under authority of this Executive Order, local or regional Workforce Development Boards, with private sector and key agency partners represented, will have planning and oversight responsibilities for the following programs and activities when and where operated in one stop career centers: programs of the Job Training Partnership Act, the Employment Service, the Work First (JOBS) welfare training and placement programs, the Food Stamp Employment and Training Program, the Older Americans Act Job Training and Employment Program, Vocational Rehabilitation programs, and the JobReady school to work programs.

B. The authority granted under this section does not give local or regional Workforce Development Boards any direct authority or control over workforce development funds and programs in the service area other than programs specifically identified as under the provisions of section 4-A of the Executive Order.

Section 5. COOPERATION OF STATE AGENCIES.

A. All state agencies and their local service delivery entities shall cooperate with the Commission on Workforce Preparedness and the local or regional Workforce Development Boards as this local governance process is implemented. Also, the Commission on Workforce Preparedness shall cooperate with all State and local employment and training agencies in implementation of this local governance structure.

B. Community colleges and Workforce Development Boards shall coordinate in planning, design, and delivery of vocational, technical, and basic skill education and training for clients referred from One Stop Career Centers.

Section 6. ADMINISTRATION AND EXPENSES.

The operating budget for professional and administrative support to local or regional Workforce Development Boards shall derive from the current Federal Job Training Partnership Act, as is now the method for supporting the Private Industry Councils, and from additional funding sources identified from the federal and state participating programs and agencies in the area one

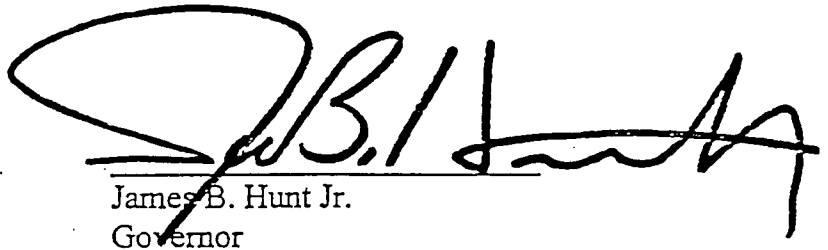
career centers. Therefore, it is anticipated that after transitioning into Workforce Development Boards, multiple funding sources derived from the federal and state workforce development programs will be available for professional and administrative support of the Workforce Development Boards.

This Executive Order shall become effective immediately, and shall remain effective until superseded by subsequent federal or state legislation or a new Executive Order.


Done in the Capital City of Raleigh, North Carolina this 5th day of

December, 1995.




James B. Hunt Jr.
Governor

ATTES:


Rufus L. Edmisten
Secretary of State

Attachment F --Workforce Development Boards
(Still in process of surveying SDAs...will be forwarded)

ATTACHMENT G - JTPA & ETGP REPORTED EXPENDITURES BY SDA
FOR PY- 96 (7/1/96- 6/30/97)

SDA #	SDA NAME	ADMINISTRATION EXPENDITURES	PROGRAM EXPENDITURES	TOTAL EXPENDITURES
03	CENTRALINA	216,654	1,225,319	1,441,973
04	CENTRAL PIEDMONT	122,150	702,147	824,297
05	CHARLOTTE/MECK.	195,370	1,407,058	1,602,428
06	CUMBERLAND	167,959	992,124	1,160,083
07	DAVIDSON	56,359	444,814	501,173
08	GASTON COUNTY	142,165	410,678	552,843
09	GREENSBORO	217,442	1,006,388	1,223,830
11	CAPITAL AREA	158,496	977,979	1,136,475
12	WINSTON-SALEM	171,611	937,351	1,108,962
13	SOUTHWESTERN	231,218	1,226,330	1,457,548
15	REGION C	105,791	1,109,357	1,215,149
16	REGION D	129,270	942,961	1,072,232
17	WESTERN PIEDMONT	156,533	936,669	1,093,201
18	REGION H	244,225	1,078,842	1,323,067
19	NORTHWEST PIEDMONT	114,387	1,097,466	1,211,853
20	KERR-TAR	218,145	1,152,345	1,370,490
21	REGION L	383,130	2,636,889	3,020,019
22	MID-CAROLINA	119,138	812,912	932,051
23	LUMBER RIVER	348,104	2,059,192	2,407,296
24	CAPE FEAR	412,863	2,084,140	2,497,003
26	ALBEMARLE	27,548	423,342	450,890
28	REGION Q	335,052	1,405,249	1,740,301
29	MOUNTAIN AREA	199,194	788,391	987,585
30	REGIONAL CONSOLIDATED	85,522	517,489	603,011
31	CRAVEN EVALUATION & TR.	275,618	1,842,599	2,118,217
32	REGION R SDA	112,521	484,834	597,355
TOTALS		4,946,466	28,702,864	33,649,330

JTPA & ETGP REPORTED EXPENDITURES BY SDA
FOR PY- 97 (7/1/97- 12/31/97)

SDA #	SDA NAME	ADMINISTRATION EXPENDITURES	PROGRAM EXPENDITURES	TOTAL EXPENDITURES
03	CENTRALINA	156,153	789,992	946,145
04	CENTRAL PIEDMONT	54,946	306,718	361,664
05	CHARLOTTE/MECK.	81,374	1,072,852	1,154,226
06	CUMBERLAND	128,116	740,816	868,933
07	DAVIDSON	55,138	226,907	282,045
08	GASTON COUNTY	58,015	366,843	424,858
09	GREENSBORO	135,643	717,274	852,917
11	CAPITAL AREA	122,213	565,207	687,420
12	WINSTON-SALEM	100,887	570,811	671,698
13	SOUTHWESTERN	149,986	722,238	872,224
15	REGION C	76,035	736,059	812,094
16	REGION D	84,340	672,023	756,363
17	WESTERN PIEDMONT	90,583	540,586	631,169
18	REGION H	131,680	796,526	928,206
19	NORTHWEST PIEDMONT	58,866	382,356	441,223
20	KERR-TAR	116,283	792,388	908,672
21	REGION L	258,854	1,885,183	2,144,037
22	MID-CAROLINA	39,722	617,475	657,198
23	LUMBER RIVER	246,435	1,217,486	1,463,921
24	CAPE FEAR	299,159	1,320,993	1,620,152
28	REGION Q	162,898	921,528	1,084,426
29	MOUNTAIN AREA	99,324	389,885	489,209
30	REGIONAL CONSOLIDATED	53,837	306,762	360,599
31	CRAVEN EVALUATION & TR.	196,693	1,362,276	1,558,969
32	REGION R SDA	65,996	372,841	438,837
TOTALS		3,023,176	18,394,028	21,417,204

Attachment H – JTPA Performance by Title for Program Year 1996

Title II - Training Services for the Disadvantaged Part A - Adult Training Program

What are the performance goals of this program?

Title II-A adult training programs are to prepare economically disadvantaged adults for participation in the labor force by providing job training and other services that will result in increased employment and earnings, increased occupational and educational skills, reduced welfare dependency and improved long-term employability.

During Program Year 1996 (the period from July 1, 1996 to June 30, 1997), 2,852 adults who had been served in Title II-A exited the JTPA program. Almost four of every five – 2,250 individuals or 79% – had an unsubsidized job at placement – i.e., the time they exited JTPA. Placement wages for these individuals averaged \$7.30 per hour.

The U.S. Department of Labor also requires states to conduct a formal follow-up on all Title II-A individuals to ascertain their employment and earnings status at thirteen weeks after leaving the program. Of the 2,152 individuals who completed this post program interview, 1,638 (76%) were employed thirteen weeks after leaving the program, with an average wage of \$7.55 per hour.

Title II - Training Services for the Disadvantaged Part C - Youth Training Program

What are the performance goals of this program?

Title II-C youth training programs are to improve the long-term employability of youth; to enhance the educational, occupational and citizenship skills of youth; to encourage school completion or enrollment in alternative school programs; to increase the employment and earnings of youth; to reduce welfare dependency; and to assist youth in addressing problems that impair their ability to make a successful transition from school to work, to apprenticeship, to the military, or to post-secondary education and training.

During Program Year 1996 (the period from July 1, 1996 to June 30, 1997), 1,661 youth who had been served in Title II-C exited the JTPA program.

- Of these, 938 or just over 56% had an unsubsidized job at placement – i.e., at the time they exited JTPA. Placement wages for these youth averaged \$5.88 per hour.*
- An additional 383 or 23% individuals left JTPA with at least one of several “youth employment enhancements” – positive outcomes for youth in the II-C program in addition to unsubsidized employment. Most significant among these are the completion of a major level of education, and the attainment of WDB approved competencies. (A youth must be certified competent in at least two of the three recognized competency areas: pre-employment skills; basic skills, and job specific skills).*

Title II-B - Summer Youth Employment and Training Program

What are the performance goals of this program?

The Summer Youth Program's goal is to provide a work experience setting for clients that will enhance their basic educational skills; encourage school completion or enrollment in supplementary or alternative school programs; provide exposure to the world of work; and enhance their citizenship skills. Most youth enrolled in the Summer Youth Program return to full-time school in the fall of each year.

Title III - Employment and Training Assistance for Dislocated Workers

What are the performance goals of this program?

Title III programs seek to establish an early readjustment capacity for workers and firms in each state; to provide comprehensive coverage to workers regardless of the cause of the dislocation; to provide early referral from the unemployment insurance system to adjustment services as an integral part of the adjustment process; to foster labor, management and community partnerships with government in addressing worker dislocation; to emphasize retraining and reemployment services rather than income support; to create an on-going substate capacity to deliver adjustment services; to tailor services to meet the needs of individuals; to improve accountability by establishing a system of mandated performance standards; to improve financial management by monitoring expenditures and reallocating available funds; and to provide the flexibility to target funds to the most critical dislocation problems.

During Program Year 1996 (the period from July 1, 1996 to June 30, 1997), 2,852 adults who had been served in Title III exited the JTPA program. Over four of every five – 2,372 individuals or 83% – had an unsubsidized job at placement when they exited JTPA. Placement wages for these individuals averaged \$8.51 per hour.

The U. S. Department of Labor also requires states to conduct a formal follow-up on all Title III individuals to ascertain their employment and earnings status at thirteen weeks after leaving the program. Of the 1,852 individuals who completed this post program interview, 1,537, or 83%, were employed thirteen weeks after leaving the program, with an average wage of \$8.90 per hour.

North Carolina Employment and Training Grant Program

What are the performance goals of this program?

The North Carolina Employment and Training Grant Fund Program was established by the General Assembly to supplement Job Training Partnership Act programs in the state. All of the program's funding each year is allocated by formula to the 25 service delivery areas in the state.

Local Workforce Development Boards plan these resources along with their JTPA funds and submit Job Training Plans to the state for review and approval. The state expects outcomes similar to those for Titles II-A and Title III from the Employment and Training Grant programs.

During Program Year 1996 (the period from July 1, 1996 to June 30, 1997), 1,385 individuals who had been served in the Employment and Training Grant Program exited the program. Over three of every four – 1,065 or 77% had an unsubsidized job at placement when they exited JTPA. Placement wages for these individuals averaged \$7.28 per hour.

Attachment I -- North Carolina JobLink Career Center System

- JobLink Career Centers consolidate the fragmented array of employment and training programs into a coherent integrated service delivery system for Job Seekers and Employers.
- Initiative began in early 1995 when North Carolina applied for and received funding from the USDOL to implement a system of One-Stop Career Centers.
- The grant award was seed money for a three-year developmental plan for implementation. Over the past 3 years the North Carolina System has received approximately 9 million in funding.
- Workforce Development Boards (WDB's) are responsible for Governance, Chartering and Oversight of JobLink Career Centers. WDB's establish performance criteria and provide JobLink centers with a time-limited charter of operation that acts as the Center's business license.
- Technology and Automation are a primary focus in JobLink Centers. Automation has been designed to offer career development, placement, labor market information and others services targeted specifically for the job seeker and business customer.
- JobLink Career Centers are guided by principles that emphasize customer satisfaction and accountability.
- At a minimum, JobLink Centers integrate the services of the following six local agency partners. Local Workforce Development Boards encourage other partnerships.
 - Community Colleges
 - JobReady (School to Work)
 - Social Services
 - Employment Security Commission
 - Vocational Rehabilitation
 - Job Training Partnership Act programs
- Core services offered at JobLink Centers are quite extensive and include assessment services, labor market information, information about education and training programs, job placement assistance, case management assistance, career guidance, counseling and various services to Business.
- To date 24 of the 25 Service Delivery Areas in North Carolina have received implementation funds to develop JobLink Career Centers.
- There are currently 29 chartered and operational JobLink Centers open in North Carolina
- The JobLink Career Center initiative operates under the auspices of the Commission on Workforce Preparedness and is overseen by the JobLink Committee.

JobLink Career Centers

Workforce Development Area	County	Location - Host Agency	Opening Date
Cape Fear	Brunswick	Brunswick Community College, Supply	Currently Open
	Columbus	Southeastern Community College, Whiteville	Currently Open
	New Hanover	Employment Security Commission, Wilmington	Currently Open
	Pender	Cape Fear Community College, Burgaw Campus, Burgaw	Currently Open
Capital Area	Wake	Wake County Department of Human Resources, Raleigh	Currently Open
Central Piedmont	Durham	Employment Security Commission, Durham	May 1, 1998
Charlotte / Mecklenburg	Mecklenburg	Employment Security Commission, Charlotte	Currently Open
Centralina	Union	Employment Security Commission, Monroe	Currently Open
	Rowan	Employment Security Commission, Salisbury	July 1, 1998
Cumberland County	Cumberland	Employment Security Commission, Fayetteville	March 12, 1998
Davidson County	Davidson	Davidson County Community College, Lexington	Currently Open
Eastern Carolina	Wayne	Employment Security Commission, Goldsboro	Currently Open
	Duplin	James Sprunt Community College, Kenansville	by April 30, 1998
	Lenoir	Lenoir Community College, Kinston	April 3, 1998
Gaston County	Gaston	Gaston College, Dallas	by November 30, 1998
Greensboro / High Point / Guilford	Guilford	Guilford Technical Community College, High Point Campus, High Point	Currently Open
Kerr-Tar	Vance	Employment Security Commission, Henderson	by November 30, 1998

Workforce Development Area	County	Location - Host Agency	Opening Date
Lumber River	Bladen	Bladen Community College, Dublin	Currently Open
	Robeson	Employment Security Commission, Lumberton	Currently Open
	Scotland	Employment Security Commission, Laurinburg	Currently Open
Mountain Area	Buncombe	Buncombe County Department of Social Services and Service Delivery Area, Asheville	Currently Open
	Henderson	Blue Ridge Community College, Flat Rock	Currently Open
	Transylvania	Transylvania County, Brevard	Currently Open
Northwest Piedmont	Surry	Surry Community College, Dobson	Currently Open
Region C	McDowell	McDowell Technical Community College and McDowell County Public Schools, Marion	May 1, 1998
Region D	Alleghany	Wilkes Community College, Sparta Campus, Sparta	Currently Open
	Ashe	Employment Security Commission, Jefferson	July 1, 1998
	Avery	Avery County, Newland	Currently Open
	Mitchell (2 centers)	Employment Security Commission, Spruce Pine; Department of Social Services, Bakersville	Currently Open
	Watauga	Employment Security Commission, Boone	Currently Open
	Wilkes	Wilkes Community College, Wilkesboro	July 1, 1998
Region H	Anson	Employment Security Commission, Wadesboro	by November 30, 1998
Region L	Edgecombe and Nash	Employment Security Commission, Rocky Mount	by November 30, 1998
	Halifax and Northampton	Employment Security Commission, Roanoke Rapids	by November 30, 1998

Workforce Development Area	County	Location - Host Agency	Opening Date
Region Q	Beaufort	Service Delivery Area and Council of Governments, Washington	Currently Open
	Martin	Employment Security Commission, Williamston	Currently Open
	Pitt	Pitt Community College, Greenville	Currently Open
Region R	Chowan	Employment Security Commission, Edenton	Currently Open
Regional Consolidated Services	Randolph	Randolph Community College, Asheboro	July 1, 1998
Southwestern NC SDA	Haywood	Employment Security Commission, Waynesville	Currently Open
	Macon	Employment Security Commission, Franklin	Currently Open
Western Piedmont	Catawba and Alexander	Catawba Valley Community College, East Campus - Hickory	by November 30, 1998
Winston-Salem / Forsyth	Forsyth	City of Winston-Salem and Service Delivery Area, Winston-Salem	Currently Open

**JobLink Career Center Grant Awards
To Local Service Areas**

(I = Implementation Grant, P = Planning Grant)

Workforce Development Service Area	Fiscal Year			Total Award Amounts
	95-96	96-97	97-98	
Cape Fear	299,310 (I)			299,310
Charlotte / Mecklenburg	315,090 (I)			315,090
Davidson County	217,965 (I)			217,965
Lumber River	263,460 (I)			263,460
Mountain Area	299,310 (I)			299,310
Region D	261,119 (I)			261,119
Region Q	305,525 (I)			305,525
Southwestern	246,522 (I)			246,522
Centralina	30,000 (P)	255,000 (I)		285,000
Central Piedmont	20,000 (P)	147,000 (I)		167,000
Cumberland County	25,000 (P)	188,000 (I)		213,000
Gaston County	20,000 (P)	147,000 (I)		167,000
Greensboro / Guilford County	30,000 (P)	231,000 (I)		261,000
Capital Area	30,000 (P)	238,000 (I)		268,000
Winston-Salem / Forsyth County	25,000 (P)	188,000 (I)		213,000

Workforce Development Service Area	Fiscal Year			Total Award Amounts
	95-96	96-97	97-98	
Region C	25,000 (P)	168,000 (I)		193,000
Western Piedmont	25,000 (P)		214,500 (I)	239,500
Region H	25,000 (P)		168,000 (I)	193,000
Northwest Piedmont	25,000 (P)		224,000 (I)	249,000
Kerr-Tar	25,000 (P)		188,000 (I)	213,000
Region L	25,000 (P)		224,000 (I)	249,000
Mid-Carolina*	25,000 (P)			25,000
Eastern Carolina	30,000 (P)	281,000 (I)		311,000
Albemarle	30,000 (P)		224,000 (I)	254,000
Regional Consolidated	25,000 (P)		202,600 (I)	227,600
TOTAL AWARDS				\$5,936,401

* HAS NOT BEEN AWARDED AN IMPLEMENTATION GRANT

Cessna Citation Bravo

September 15, 1997 - Memo to State Purchase and Contract requesting the purchase of a new turbofan fixed-wing aircraft. We asked to trade in the E-90 King Air. At that time, we indicated that we felt the Citation Bravo would best meet our specifications and fulfill our flight requirements.

We were asked by Purchase and Contract to be more specific in our specifications. On October 24, 1997, we re-submitted our request with more details, etc.

On November 7, 1997, additional information and justification relative to the Citation Bravo was furnished to Purchase and Contract.

On November 19, 1997, a memo was sent to Purchase and Contract by Secretary Tolson recommending the procurement should be by a sole source-negotiation with a waiver of competitive bidding.

The Purchase Order was let on January 7, 1998, as follows:

Purchase price	\$4,600,300
Less trade-in of E-90	<u>460,000</u>
	\$4,140,300
Deposit Required	<u>150,000</u>
	\$3,990,300

Municipal Lease was executed January 7, 1998, at 5.05% financing charge as follows:

\$42,421 per month
\$509,052 per year
\$5,090,520 - Ten-year pay out amount

Twin-Engine Helicopter Procurement

September 15, 1997 - Memo to State Purchase and Contract requesting the purchase of a new twin-engine executive helicopter. We asked to trade in the Bell 222 helicopter. At that time, we indicated that we felt the Sikorsky S-76 would best meet our specifications and requirements.

On October 24, 1997 another memorandum was sent to Purchase and Contract setting forth the specifications for a new twin-engine helicopter.

A memo providing additional specific information was sent to Purchase and Contract on November 7, 1997.

Due to the numerous questions and concerns surrounding the procurement process, things were put on hold. Many felt it was imperative a bidding process had to be followed. It was discussed with the Attorney General's Office and it was their belief the purchase should not be sole-sourced; rather, it should be competitively bid based on performance specifications.

On February 11, 1998, additional and more detailed specifications were supplied to Purchase and Contract by Commerce. Purchase and Contract indicates the request for bids will go out on February 23, 1998, and respondees will have twenty days (March 16, 1998) in which to submit their bids for evaluation and consideration. Upon receipt of bids it should not take but a couple of days to review and make the recommendations to the Board of Awards.

PRESENTATION TO NER APPROPRIATIONS SUBCOMMITTEE, 2/19/98

Introduction:

- Beaver chewed wood--beaver like to chew and build dams. Don't like sound of running water.
- Problems increasing over past 10 years--explain why (no fur value so little trapping)
- Beaver do \$ millions damage annually throughout the state
 - to highways, bridges, soil and water cons. districts, ag. and timberlands, drainage canals, sewer and septic systems
- Examples of recent beaver damage we have recently been involved in:
 - Jordan Lake flooding
 - Flooding school site in Chatham
 - Flooding water treatment facilities in Littleton and Whiteville
 - Dredging Locs Creek (City of Fayetteville)
 - Cutting grape vines at Biltmore Estates
- In fact, over the past 4 years the DOT has averaged spending \$0.5 million annually to repair and maintain roadways damaged by beaver activities.
- Beavers increased to such extent that had 2 rabid beaver last summer at Jordan Lake
 - Bit swimmers and crawled in fisherman's boat
- Just 3 weeks ago the Soil and Water Conservation District in Iredell Co. spent \$6,000 to hire divers to unclog beaver debris from a 24" standpipe in a flood control lake. And they have similar problems at a dozen other lakes.

Because of all these problems with beaver, the state legislature in 1992 appropriated funding for beaver damage control work in four counties: Bladen, Brunswick, Columbus, and Sampson. This funding went to the Wildlife Resources Commission who in turn entered into an agreement with us (USDA) to conduct the work. At the same time we were able to get \$25,000 from my agency at USDA to help defray some of the costs.

Since that time the program has expanded to include 39 counties throughout the Piedmont and costal counties. If you want to see the counties where we presently do work, look in your folder. (p. 5)

(p. 6) Also, I would refer you to a statewide distribution map of beaver damage based on DOT's expenditure records. If you do refer to this map you can see that we are presently working in most of the counties that have the greatest beaver damage.

Presently the program is multifunded by state, county, federal, and private cost-share funds. Your folder has the present funding breakdown for this year. We presently have 19 technicians working in these 39 counties.

(Get State funds out 50 to 100 funding to Rully Hall 2)

Funding for the program has been on a year-to-year basis since 1992. Each of the past 6 years legislation has been passed listing counties that are eligible to receive beaver control services. This year's legislation listed 40 counties who were eligible to participate in the program. All of these counties have serious beaver problems with the exception of Lincoln Co. Because of this no beaver control work is presently being conducted in Lincoln Co. ~~I~~ might add that last month Beaufort Co. Commissioners voted to join the program next year. ←

Those 39 counties listed in the funding bill receive beaver control services on all state maintained highways. Additionally, if a county wishes to receive services for private landholders, they are required to pay a \$4,000 participation fee. Presently 33 of the 39 counties have opted to pay the \$4,000 participation fee in order to receive beaver control services for private landholders in their county.

Advisory Board: As outlined in the original legislation establishing the program in 1992, beaver management activities are overseen by an Advisory Board composed of representatives from 6 state and two private agencies. The Board is chaired by a representative from the WRC. Since 1992 the Board has met on a quarterly basis to review program accomplishments, set program goals, and evaluate program effectiveness. Last month the Advisory Board recommended that the program be expanded statewide. Again, I would refer you to the folder for additional info. (P. 7 & 8)

How the program works:

- Problems caused by beaver are best handled through trapping and removal.
- Beaver control work can be quite time consuming---ave. 10-15 visits to capture all the beaver.
- Does no good to remove beaver dams without removing the beaver.

E.G., prior to our starting work for the DOT it was not uncommon for the DOT to remove beaver dams from the same location on a monthly or even more often basis. And this was at an average cost of \$600 per dam to remove. Now the DOT doesn't have to spend that money.

--Over the past 6 years demand for beaver control services has dramatically increased. Last year we completed more than 1,200 separate agreements with the DOT, local governments, and private landholders to alleviate beaver damage. Many of these agreements involved multiple landowners on sometimes expansive tracks of land. For example, a typical agreement with a soil and water conservation district, city water treatment plant, or county mosquito control program might involve 30-40 landowners and 500 acres.

A typical agreement with the DOT might involve work along the highway rights of way as well as on lands owned by several adjacent landowners.

About 60% of our direct control work was at the request of the DOT, municipalities, and soil and water conservation districts. Last year we removed over 4,600 beaver and 1,400 beaver dams to resolve these problems. We frequently use explosives to remove dams and have 11 explosive certified technicians.

The Advisory Board felt that any work done on non-state owned lands should require a cost-share from those requesting the work. Consequently, municipalities, soil and water conservation districts, and private landholders are required to cost share for our services. Again, refer to your folder for a breakdown of ~~cost share collections~~. (P. 4)

We coordinate our work closely with the local Cooperative Extension Service office, Soil and Water Conservation District office, or DOT office. As part of our services to the public, we routinely hold training workshops or provide individualized training to anyone in need of help. In fact, over the past 5 years we individually trained more than 225 people to conduct beaver trapping themselves. Also as part of our educational outreach program last year we presented 85 talks to over 4,000 people discussing beaver habits and damage management. We also used the news media on 28 occasions to educate the public about beaver damage management.

Discuss Response to Frequently Asked Questions (P. 10 & 11)
Savings realized by the program:

--We make concerted efforts to determine the value of our services to both the public and private sector.

--Particularly, the DOT reported last year that we saved them \$450,000 in reduced maintenance costs.

--We also determined that our program saved an estimated \$2.7 million in losses to timber and ag. crops, and \$600,000 to other resources such as water treatment facilities, sewer and septic systems, and drainage canals.

All toll, last year the BMAP saved an estimated \$3.8 million in resources that would have otherwise been lost to beaver. This comes out to a benefit-cost ratio of 5.8 to 1 or \$5.80 saved for every \$1 expended. Refer to the program highlights in your folder for more details. ~~EP~~ back of p 2)

Along these same lines we make great efforts to meet the needs of our customers. In the spring of 1997 we surveyed 283 of our customers and found that more than 90% were highly satisfied with our services and would use our services again if needed. 95% of our customers surveyed felt that the program provides a useful service that should be continued. Again refer to the folder for our survey results. (p 9)

Why is the government involved? We are involved because:

- 1) The majority of beaver problems we work involve state, county, or city-owned lands, or are managed by soil and water conservation districts.
- 2) Beaver damage in NC is a multimillion dollar problem and significant savings can be realized if beaver control work is conducted.
- 3) There are few private trappers throughout the state who make a living doing beaver control.
- 4) Beaver trapping is difficult and sometimes dangerous so few people want to become involved.
- 5) And last but not least, we are the experts in the field (I know I need to be careful when saying this as Senator Shaw pointed out to me one time). Most of our wildlife specialists are certified to

use explosives to remove dams and are trained to resolve beaver problems in an expeditious manner.

Jennifer Herrera also asked me to comment on beaver problems at the Ashboro Zoo.

- ~~--Looked at their problems last September. Discuss our recommendations.~~
- ~~--I understand that the zoo is now considering relocating the beaver. Discuss problems.~~
- ~~--I understand they also are considering sterilizing the beaver. "Beaver don't eat with their genitals!"~~

In closing I would like to add that the Beaver Advisory Board is presently working on obtaining increased federal funding for the program as are several state legislators. Similar wildlife damage control programs in other states receive up to 50% federal matching funds for such programs. If any of you would like more information about this please let me know.

USDA/WILDLIFE SERVICES

North Carolina Beaver Management Assistance Program

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NORTH CAROLINA BEAVER MANAGEMENT ASSISTANCE PROGRAM (BMAP)

Beaver in North Carolina are responsible for millions of dollars damage annually to roadways, agricultural and timber lands, drainage canals, landscape plantings, sewer and septic systems, and other personal property. In 1991 and 1992 private landholders in several southeastern counties reported beaver damage related losses exceeding \$1 million annually. In 1995 and 1996 the North Carolina Dept. of Transportation documented over \$1 million in expenditures to repair and maintain roadways damaged by beaver related activities.

In 1992 the North Carolina legislature created the Beaver Damage Control Advisory Board with the charge to develop a program to control beaver damage on private and public lands and advise the NC Wildlife Resources Commission in the program's implementation. The Advisory Board created the Beaver Management Assistance Program (BMAP) to help landholders and the Dept. of Transportation address beaver damage related problems. The BMAP is cooperatively funded by the NC Wildlife Resources Commission, the NC Dept. of Transportation, and the USDA's Division of Wildlife Services. Additional funding comes from participating counties and landholders. The program is administered by USDA. Current funding continues the program through September 1998.

A major goal of the BMAP has been to educate the public as well as participating landholders about the best strategies available for dealing with beaver activity and/or damage. This not only includes presenting a variety of damage control options but also pointing out the ecological benefits of beaver activity. Trained wildlife specialists conduct workshops and give presentations on beaver damage management and beaver ecology to a variety of civic and professional organizations, schools, and landholder groups. When beaver damage is intolerable, wildlife specialists remove the offending animals using humane and ecologically acceptable methods. Also, dams are removed to relieve undesirable flooding.

HOW TO PARTICIPATE

Present funding covers landholders residing in Bertie, Bladen, Brunswick, Carteret, Chatham, Chowan, Columbus, Craven, Cumberland, Duplin, Edgecombe, Franklin, Granville, Greene, Halifax, Harnett, Hertford, Hoke, Johnston, Jones, Lenoir, Martin, Nash, Northampton, Onslow, Pamlico, Pender, Pitt, Robeson, Sampson, Scotland, Wayne, and Wilson Counties. In addition to these 33 counties, assistance with beaver damage problems is provided the DOT in Anson, Gates, Lee, Vance, Warren, and Washington Counties. Those people interested in program services should contact their county Cooperative Extension Service office (telephone numbers attached).

PARTICIPATION COST SHARE

Landholders participating in the program usually pay a nominal cost share for services. This cost share is \$6.25/hr for up to 40 hours work by the wildlife specialist conducting direct control activities. There are no charges for travel time. After 40 hours the cost share increases to \$15 per hour. There is also a \$60 cost share for every dam removed using explosives. The average cost share for landholders receiving services has been approximately \$50 plus the cost

of explosives, if necessary, to remove dams. There is no charge for work on beaver damage problems effecting state and county roadways. Wildlife specialists have been averaging 16 visits over an average 25-day period to solve a nuisance beaver problem for a landholder.

There is no charge for the first visit to a landholder's property which usually will not exceed 4 hours. During this initial visit the wildlife specialist recommends the best course of action, estimates the time and cost of damage control activities, and, if direct control assistance is desired by the landholder, begins the work. If a landholder wishes to conduct his/her own control activities, the BMAP specialist will provide individualized training on his/her property at no cost.

ASSISTANCE PRIORITIES

Requests for assistance are generally handled on a first-come, first-served basis. Top priority goes to state and county infrastructure (roads, bridges, water treatment facilities, landfills, etc.) being damaged by beaver activity followed by damage to soil and water conservation districts, municipalities, individual landholders, landowner associations, corporate landowners, and others. Because the program is in such demand, there usually is a waiting period for services. All requests for assistance receive an immediate response but due to current workloads the start of direct control activities may vary. Requests received for beaver damage control training usually receives higher priority than requests for direct control assistance.

TO REQUEST ASSISTANCE

Bertie	919-794-5317	Hoke Co.	910-875-3461
Bladen Co.	910-862-4591	Johnston Co.	919-989-5380
Brunswick Co.	910-253-4425	Jones Co.	919-448-9621
Carteret Co.	919-728-8421	Lenoir Co.	919-527-2191
Chatham Co.	919-542-8202	Martin Co.	919-792-1621
Chowan Co.	919-482-8431	Nash Co.	919-459-9811
Columbus Co.	910-640-6607	Northampton Co.	919-534-2711
Craven Co.	919-633-1477	Onslow Co.	910-455-5873
Cumberland Co.	910-484-7156	Pamlico Co.	919-745-4121
Duplin	910-296-2143	Pender Co.	910-259-1235
Edgecombe Co.	919-641-7815	Pitt Co.	919-757-2803
Franklin Co.	919-496-3344	Robeson Co.	910-671-3276
Granville Co.	919-603-1350	Sampson Co.	910-592-7161
Greene Co.	919-747-5831	Scotland Co.	910-277-2422
Halifax Co.	919-583-5161	Wayne Co.	919-731-1525
Harnett Co.	910-893-7530	Wilson Co.	919-237-5147 ext.202
Hertford Co.	919-358-7822		

ADDITIONAL INFORMATION : For additional information about the Beaver Management Assistance Program, please call or write the U.S. Dept. of Agriculture at 6213-E Angus Dr., Raleigh, NC 27613, tel. 919-856-4124 or the NC Wildlife Resources Commission, Div. of Wildlife Management, 512 N. Salisbury St., Raleigh, NC 27604-1188, tel. 919-733-7291.

**NORTH CAROLINA BEAVER MANAGEMENT
ASSISTANCE PROGRAM HIGHLIGHTS
OCTOBER 1996 - SEPTEMBER 1997**

◆ Beaver in North Carolina are responsible for millions of dollars in damage annually to public roads and highways, state/county soil and water conservation districts, agricultural and forest resources, city water treatment and sewer systems, and other property. During the 1996-1997 state fiscal year alone the North Carolina Department of Transportation (DOT) documented spending over \$427,000 to repair state and federal highways damaged as a result of beaver activity. The Beaver Management Assistance Program (BMAP) was initiated in late 1992 to assist city and county governments, soil and water conservation districts, the DOT, and private landholders in addressing some of these problems.

◆ BMAP services are presently being offered in 39 Piedmont and Coastal counties. All services are provided by trained wildlife professionals.

◆ The BMAP is a truly cooperative endeavor funded by the NC Wildlife Resources Commission (WRC), DOT, U.S. Dept. of Agriculture's Division of Wildlife Services (WS), and participating counties. Municipalities, soil and water conservation districts, and private landholders are also required to cost-share for any direct beaver control services. Technical assistance and training by professional wildlife specialists is provided at no charge. A nine member BMAP Advisory Board composed of representatives from state and federal agencies and the private sector and chaired by the WRC oversees the program. The program is administered by WS through a cooperative service agreement with the WRC.

◆ Demand for BMAP services remained high throughout the 12-month reporting period. From October 1996 through September 1997 BMAP wildlife specialists completed 1,241 separate agreements with local governments, private landholders, and the DOT. Many of these agreements involved multiple landowners on sometimes expansive tracks of land. For example, a typical agreement with a soil and water conservation district, city water treatment plant, or county mosquito control program might involve 30-40 landowners and 500 acres. A typical agreement with the DOT might involve work along the highway rights of way as well as on lands owned by several adjacent landholders. Over half (58%) of all direct control work was at the request of city and county governments, soil and water conservation districts, and the DOT. Wildlife specialists removed 4,611 nuisance beaver and 1,336 beaver dams to resolve these problems.

◆ In 1996 alone the BMAP saved private citizens, city and county governments, the DOT, and others an estimated \$3.8 million in impending losses due to beaver activity (see attached chart). Comparing the value of resources saved to program expenditures, the estimated benefit-cost ratio was a favorable 5.8 to 1, or \$5.80 saved for every \$1 spent.

◆ An important aspect of the BMAP has been to educate landholders, city and county governments, and soil and water conservation districts about different beaver damage control techniques, both lethal and nonlethal. If landholders or local governments opt to remove the offending animals, they are given the option to either conduct the work themselves or to have a BMAP specialist perform the work on a cost-share basis. Over the past five years more than 225 landholders and city/county/state personnel desiring to perform the work themselves were provided 1-3 day individualized training sessions.

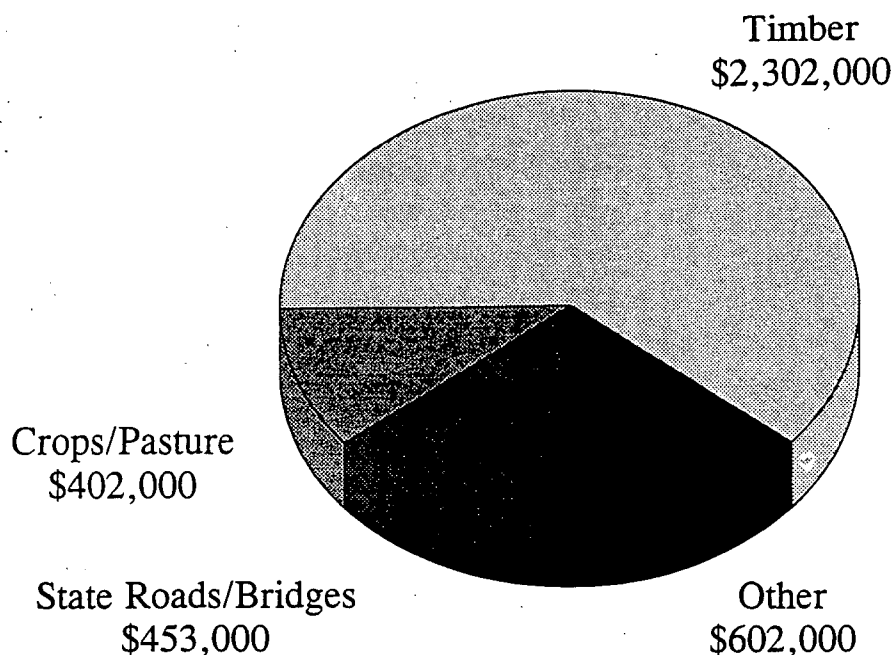
provided 1-3 day individualized training sessions.

◆ Another important aspect of the BMAP has been to educate the public as well as participating landholders about both the positive and negative benefits of beaver activity. As part of this effort BMAP wildlife specialists presented 85 talks to civic and school organizations, private and professional groups, and governmental agencies on beaver habits, ecology, and damage management to more than 4,000 people. BMAP personnel also used the news media (television, newspaper, radio) on 28 occasions to educate the public about beaver damage management.

◆ The BMAP-funded bulletin, "Beaver Damage Management in North Carolina," continues to be popular among the public. This 8-page illustrated bulletin presents practical information on different strategies available for dealing with beaver activity and/or damage. Ten thousand copies of this bulletin have been distributed to the public by county Cooperative Extension Service outlets throughout the state.

Beaver Management Assistance Program Resources Saved from Beaver Damage October 1996 - September 1997

(\$5.80 Saved for Every \$1.00 Spent)



Total Resources Saved
\$3,759,000

GENERAL ASSEMBLY OF NORTH CAROLINA

Requested by: Representatives Mitchell, Baker, Carpenter, Fox, H. Hunter, Senators Martin of Pitt, Jenkins, Shaw of Guilford

BEAVER DAMAGE CONTROL FUNDS

Section 15.44. (a) Subsection (b) of Section 69 of Chapter 1044 of the 1991 Session Laws, as amended by Section 111 of Chapter 561 of the 1993 Session Laws, Section 27.3 of Chapter 769 of the 1993 Session Laws, Section 26.6 of Chapter 507 of the 1995 Session Laws, and Section 27.15 of Chapter 18 of the Session Laws of the 1996 Second Extra Session reads as rewritten:

"(b) The Beaver Damage Control Advisory Board shall develop a program to control beaver damage on private and public lands. Anson, Bertie, Bladen, Brunswick, Carteret, Chatham, Chowan, Craven, Columbus, Cumberland, Duplin, Edgecombe, Franklin, Gates, Granville, Greene, Halifax, Harnett, Hertford, Hoke, Johnston, Jones, Lee, Lenoir, Lincoln, Martin, Nash, Northampton, Onslow, Pamlico, Pender, Pitt, Robeson, Sampson, Scotland, Vance, Warren, Washington, Wayne, and Wilson Counties shall participate in the program. The Beaver Damage Control Advisory Board shall act in an advisory capacity to the Wildlife Resources Commission in the implementation of the program. In developing the program, the Board shall:

- (1) Orient the program primarily toward public health and safety and toward landowner assistance, providing some relief to landowners through beaver control and management rather than eradication;
- (2) Develop a priority system for responding to complaints about beaver damage;
- (3) Develop a system for documenting all activities associated with beaver damage control, so as to facilitate evaluation of the program;
- (4) Provide educational activities as a part of the program, such as printed materials, on-site instructions, and local workshops;
- (5) Provide for the hiring of personnel necessary to implement beaver damage control activities, administer the program, and set salaries of personnel;
- (6) Evaluate the costs and benefits of the program that might be applicable elsewhere in North Carolina.

No later than January 15, ~~1997~~, 1998, the Board shall issue a report to the Wildlife Resources Commission on the program to date, including recommendations on the

feasibility of continuing the program in participating counties and the desirability of expanding the program into other counties. The Wildlife Resources Commission shall prepare a plan to implement a statewide program to control beaver damage on private and public lands. No later than March 15, ~~1997~~, 1998, the Wildlife Resources Commission shall present its plan in a report to the House Appropriations Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division."

(b) Subsection (h) of Section 69 of Chapter 1044 of the 1991 Session Laws, as amended by Section 111 of Chapter 561 of the 1993 Session Laws, Section 27.3 of Chapter 769 of the 1993 Session Laws, Section 26.6 of Chapter 507 of the 1995 Session Laws, and Section 27.15 of Chapter 18 of the Session Laws of the 1996 Second Extra Session reads as rewritten:

"(h) Subsections (a) through (d) of this section expire June 30, ~~1997~~, 1998."

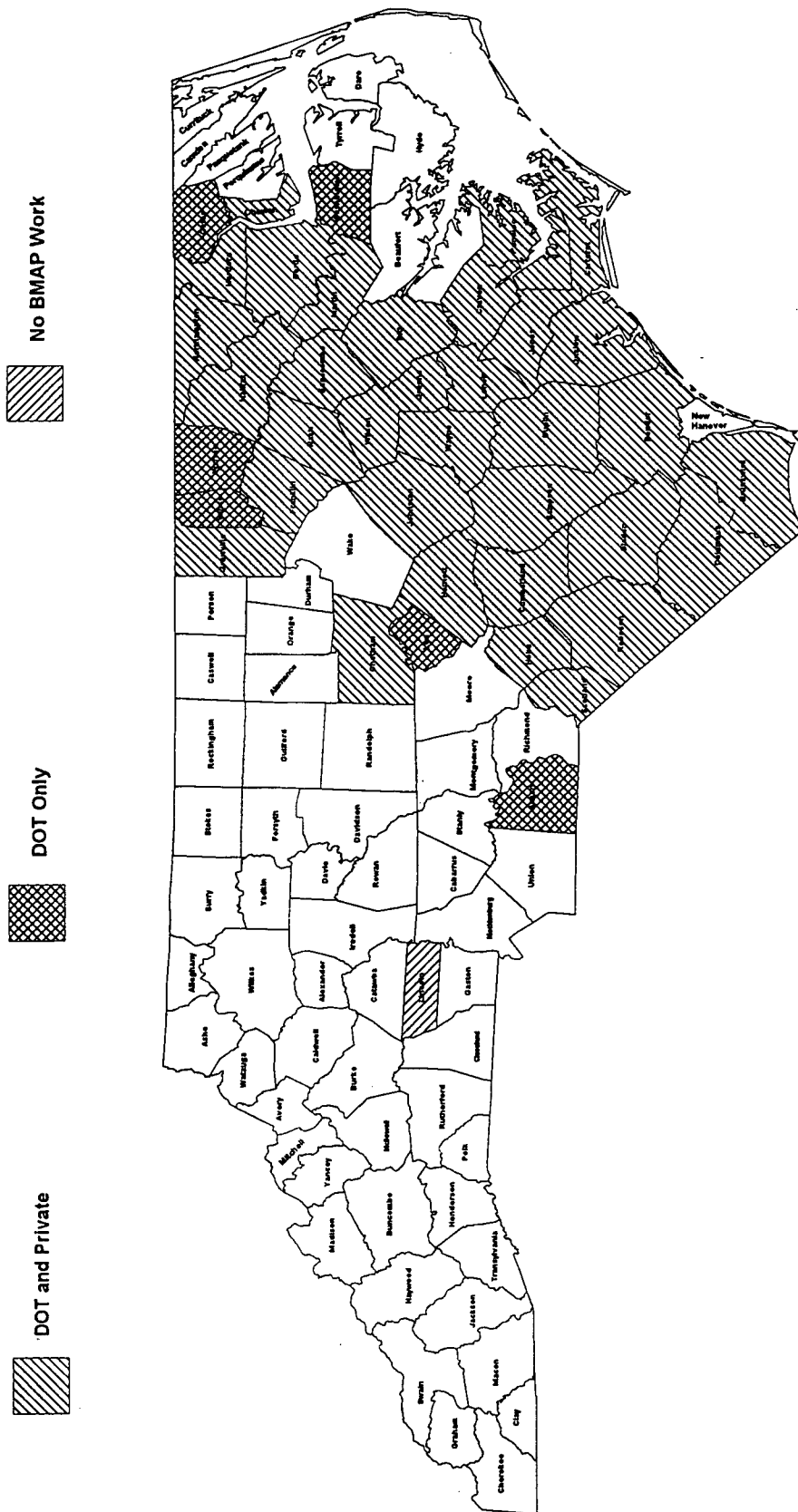
(c) Of the funds appropriated in this act to the Wildlife Resources Commission for the 1997-98 fiscal year, up to the sum of four hundred fifty thousand dollars (\$450,000) shall be used to provide the State share necessary to continue the beaver damage control program, provided the sum of twenty-five thousand dollars (\$25,000) in federal funds is available for the 1997-98 fiscal year to provide the federal share. These funds shall be matched by four thousand dollars (\$4,000) of local funds for the 1997-98 fiscal year from each of the participating counties. Counties participating in this program shall make a commitment of their local matching funds to the Wildlife Resources Commission no later than September 30, 1997.

NORTH CAROLINA BEAVER MANAGEMENT ASSISTANCE PROGRAM FUNDING
(October 1, 1997 - September 30, 1998):

General Funds to NC Wildlife Resources Comm. earmarked for beaver control:	\$450,000
NC Department of Transportation:	\$100,000
Participating counties (33 counties @ \$4,000):	\$132,000
* U.S. Dept. of Agriculture (USDA):	
Federal contribution:	\$ 25,000
Private cost share participation fees (estimated):	\$ 60,000
Total:-----	\$767,000

* USDA administers the Beaver Management Assistance Program through a cooperative service agreement with the NC Wildlife Resources Commission. USDA also covers supervisory support for the program.

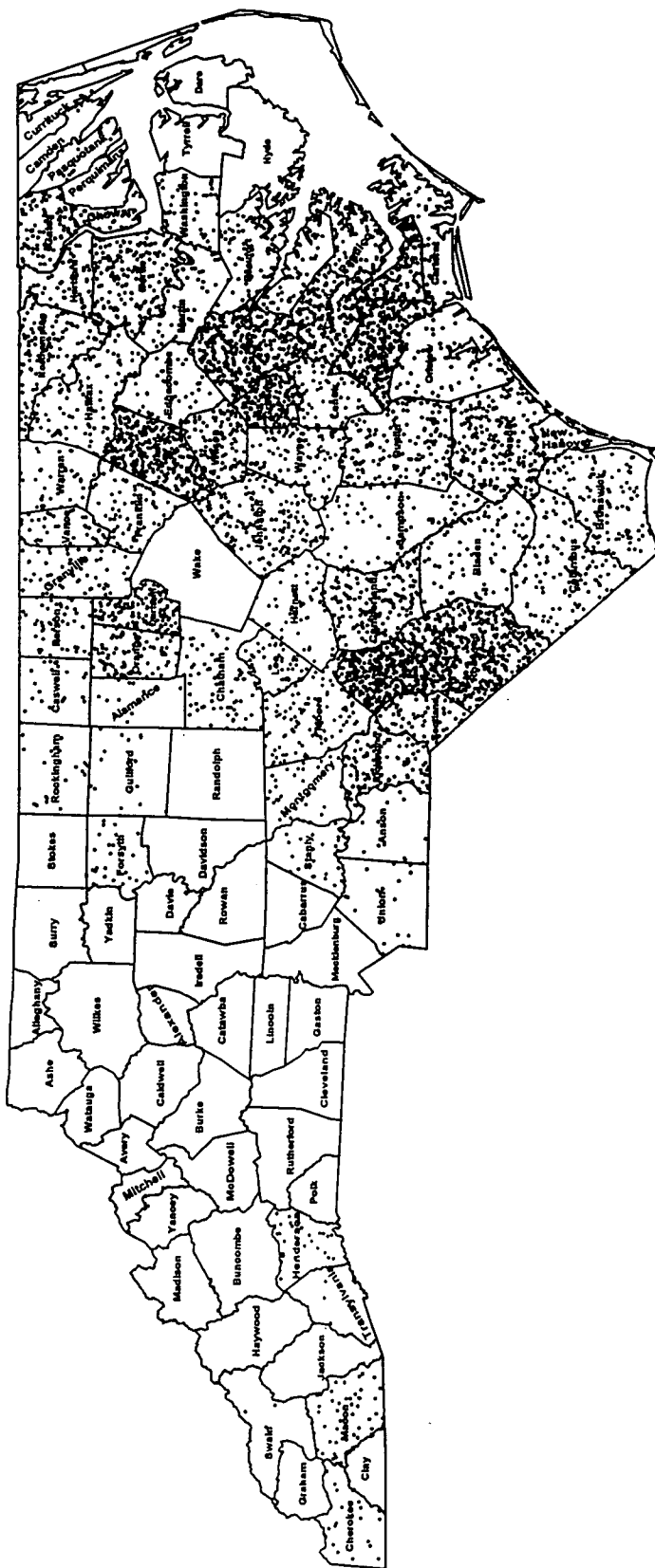
1997-98 NC Beaver Management Assistance Program Counties and Participation Status



NC Department of Transportation Beaver Damage Control Expenditures

FY95/96

(each dot = \$100.00, total = \$585,570)



RECOMMENDATIONS ON THE FEASIBILITY OF CONTINUING THE BEAVER MANAGEMENT ASSISTANCE PROGRAM FROM THE BEAVER DAMAGE CONTROL ADVISORY BOARD TO THE NORTH CAROLINA WILDLIFE RESOURCES COMMISSION

December 18, 1997

The following is a proposed funding mechanism for expanding the current Beaver Management Assistance Program to all counties willing to participate by submitting a \$4,000 participation fee to the North Carolina Wildlife Resources Commission. Non state and county participants will pay a 20% cost-share directly to USDA, Wildlife Services. The North Carolina Department of Transportation would participate through a special allocation of funds for the Program.

Anticipated and estimated funding breakdown:

	Amount
State Funding	\$ 500,000
Dept. of Transportation Funding	\$ 100,000
Federal Funding	\$ 25,000
Forty Participating Counties	\$ 160,000
Non State/County Participant Cost-share	\$ 80,000
Total	\$ 865,000

This funding proposal makes the following assumptions:

- The Wildlife Resources Commission will enter into a cooperative service agreement with USDA, APHIS, WS similar to the one for the current program.
- Federal level funding will remain the same as in past years.
- Each participating county will contribute \$4,000, with 40 counties participating.
- Non state and county participants will provide an estimated 20% cost-share for direct control services.
- Wildlife Resources Commission will continue to provide administrative support to the Advisory Board.
- The DOT would be willing to participate due to savings in maintenance costs.

Any changes such as additional Federal funds, increased county participation fees or increased participant cost-shares would lower the amount of State funds necessary.

8

**A PROPOSAL TO CONTINUE AND EXPAND THE CURRENT
BEAVER DAMAGE CONTROL PROGRAM TO A STATEWIDE
BEAVER MANAGEMENT ASSISTANCE PROGRAM**

**FROM
THE BEAVER DAMAGE CONTROL ADVISORY BOARD
TO
THE EXECUTIVE DIRECTOR OF THE NORTH CAROLINA WILDLIFE
RESOURCES COMMISSION**

The Beaver Damage Control Advisory Board recommends that the following bill be carried forth by the Executive Director of the North Carolina Wildlife Resources Commission to the North Carolina General Assembly to provide funding for an expanded Beaver Management Assistance Program to include this program as a continuing budget item.

**A BILL TO BE ENTITLED
AN ACT TO APPROPRIATE FUNDS TO CONTINUE THE BEAVER MANAGEMENT
ASSISTANCE PROGRAM, TO ESTABLISH IT AS A PERMANENT PROGRAM UNDER
THE WILDLIFE RESOURCES COMMISSION, TO MAKE THE PROGRAM AVAILABLE
TO ALL COUNTIES EXPERIENCING BEAVER DAMAGE**

The General Assembly of North Carolina enacts:

GS 113???? is amended as follows:

"BEAVER MANAGEMENT ASSISTANCE PROGRAM

Sec. 1. (a) There is established the Beaver Management Assistance Advisory Board, hereinafter referred to as the Board. The Board shall consist of nine members, as follows:

- (1) The Executive Director of the North Carolina Wildlife Resources Commission, or his designee, who shall serve as chair;
- (2) The Commissioner of Agriculture, or a designee;
- (3) The Director of the Division of Forest Resources of the Department of Environment, Health, and Natural Resources, or a designee;
- (4) The Director of the Soil and Water Conservation Division of the Department of Environment, Health, and Natural Resources, or a designee;
- (5) The Director of the North Carolina cooperative Extension Service, or a designee;
- (6) The Secretary of Transportation, or a designee;
- (7) The State Director of the Wildlife Services Division of the Animal and Plant Health Inspection Service, United States Department of Agriculture, or a designee;
- (8) The President of the North Carolina Farm Bureau Federation, Inc., or a designee; and
- (9) A representative of the North Carolina Forestry Association.

(b) The Board shall recommend to the Wildlife Resources Commission a program to control beaver damage on private and public lands. The Board shall act in an advisory capacity to the Wildlife Resources Commission in the implementation of the program. The Board shall in its recommendation:

- (1) Orient the program primarily toward public health and safety and toward landowner assistance, providing some relief to landowners through beaver damage control and beaver management;
- (2) Implement a priority system for responding to complaints about beaver damage;
- (3) Implement a system for documenting all activities associated with beaver damage control and management, so as to facilitate evaluation of the program;
- (4) Provide educational activities as a part of the program, such as printed materials, on-site instructions, and local workshops;
- (5) Evaluate the costs and benefits of the program to demonstrate and document damage caused by beavers and economic impacts of program activities and to annually estimate the level of funding necessary to continue the program..

The Board shall issue an annual report to the Wildlife Resources Commission no later than January 15 of each year including program accomplishments and recommendations on the feasibility of continuing the program in participating counties and the desirability of expanding the program into other counties. Counties wishing to participate in the Beaver Management Assistance Program shall make a commitment of four thousand dollars (\$4,000) in local matching funds to the Wildlife Resources Commission no later than September 30 of each year.

(c) The Wildlife Resources Commission shall implement the program, and may enter into cooperative agreements with the Wildlife Services Division of the Animal and Plant Health Inspection Service, United States Department of Agriculture, to accomplish the program. The Beaver Management Assistance Account is established as an account within the Wildlife Resources Fund. The Wildlife Resources Commission may use revenues in the account only for the beaver management assistance program established in this section. Amounts appropriated by the General Assembly or received from the federal government for beaver management assistance and matching funds required of counties participating in the program shall be credited to the account. Revenue in the Beaver Management Assistance Account that has been neither obligated nor expended as of June 30th of each year shall revert to the Wildlife Fund to be carried forward for use in beaver management assistance in future years.

(d) Any laws regulating the seasons or methods of taking beaver or the locations of taking beaver do not apply to activities carried out in implementing the Beaver Management Assistance program developed pursuant to this section.

Sec. 2. There is appropriated from the General Fund to the Wildlife Resources Commission the sum of \$500,000 for the 1998-99 fiscal year to provide the State share necessary to continue the Beaver Management Assistance Program established as a pilot program in Section 69 of Chapter 1044 of the 1991 Session Laws, amended by Section 111 of Chapter 561 of the 1993 Session Laws, by Section 27.3 of Chapter 769 of the 1993 Session Laws, and by Section 26.6 of the 1995 Session Laws, and established as a permanent program under the Wildlife Resources Commission in Section 1 of this act, provided the sum of twenty-five thousand dollars ((\$25,000)) in federal funds is available to proceed the federal share. These funds shall be matched by four thousand dollars (\$4,000) of local funds from each of the participating counties.

Sec. 3. This act becomes effective July 1, 1998.

NORTH CAROLINA BEAVER MANAGEMENT ASSISTANCE PROGRAM CUSTOMER SATISFACTION SURVEY, JUNE 1997

In efforts to provide high quality beaver damage management services, a customer satisfaction survey was sent to 256 individuals who had received beaver damage management services under the Beaver Management Assistance Program (BMAP) between October 1996 and April 1997. Customers surveyed included Department of Transportation (DOT) personnel, soil and water conservation district personnel, city and county governments, private landholders, and others. Surveys were also sent to 27 North Carolina Cooperative Extension Service agents whose offices serve as a contact point for landholders and others requesting assistance with beaver damage problems. Survey respondents answered a series of questions by choosing the best response on a scale ranging from strongly disagree to strongly agree. They also responded to brief discussion questions. Objectives of the survey were to identify aspects of the BMAP in need of improvement and to facilitate better decision making for setting the future direction of BMAP.

RESULTS: Of the 256 surveys mailed, 163 (64%) were returned. Of these 163 respondents:

- ◆ 155 (95%) felt that the BMAP provided a useful service that should be continued.
- ◆ 148 (91%) indicated that wildlife specialists were easy to contact.
- ◆ 151 (93%) indicated that wildlife specialists responded within a reasonable amount of time.
- ◆ 156 (96%) indicated that specialists were knowledgeable about beaver damage control.
- ◆ 143 (88%) indicated that methods or tools used or recommended by Wildlife Specialists to solve beaver problems were effective (9 people did not respond).
- ◆ 132 (81%) indicated that specialists solved or were managing their beaver problem.
- ◆ 150 (92%) indicated that they were very satisfied with BMAP services.
- ◆ 152 (93%) indicated that they would use BMAP services again.
- ◆ 130 private and nonprivate landholders (95%) felt that their cost-share fee for beaver damage control services was reasonable. (Only 137 people responded to this question.)

A number of respondents indicated that additional wildlife specialists were needed to provide more thorough coverage of problem areas. The majority of respondents indicated that if BMAP services were no longer available they would have difficulty or be incapable of solving their own beaver problems.

COOPERATIVE EXTENSION SERVICE RESPONSES Of the 18 extension agents who responded to our survey: 17 (95%) felt wildlife specialists were easy to contact; 16 (89%) felt they were kept adequately updated about the program; 16 (89%) felt that landholders who need beaver control assistance were adequately informed about BMAP services; 17 (95%) felt that BMAP wildlife specialists were adequately addressing beaver damage in their county; 18 (100%) felt that feedback from those who have received BMAP services had been favorable; 17 (95%) felt the \$4,000 BMAP county participation fee was reasonable; and 18 (100%) felt that BMAP services were needed in their county and should be continued. Agents suggested the BMAP could be improved by hiring additional personnel, increasing contact with cooperators after work is completed, conducting more beaver management workshops/demonstrations, and by providing more press releases to the local media.

SUMMARY: Overall, respondents indicated that they were highly satisfied with the BMAP. The majority of respondents strongly agreed that BMAP wildlife specialists were knowledgeable about beaver damage control, BMAP was a useful program that should be continued, cost-share fees were reasonable, and they would like to continue using BMAP services. However, survey results also suggested that communication between wildlife specialists and cooperators could be improved. In counties where beaver damage is particularly severe, a greater commitment of resources may be warranted. Other areas which could be improved include public awareness of BMAP services and increased educational workshops in some counties.

RECOMMENDATIONS: From survey results we developed a set of recommendations for improving the delivery of BMAP services. Action steps have been implemented to ensure we make use of the survey results. For example, wildlife specialists have been requested to make bimonthly visits with DOT and extension contacts, annual reports have been completed for individual BMAP counties and will be distributed to extension agents and other county officials, and educational display materials have been developed and used at county fairs and agricultural/wildlife expo's to educate the public about beaver management and the BMAP.

UNITED STATES DEPARTMENT OF AGRICULTURE-WILDLIFE SERVICES
(USDA-WS)

***"RESPONSES TO COMMONLY ASKED QUESTIONS ABOUT THE BEAVER
MANAGEMENT ASSISTANCE PROGRAM IN NORTH CAROLINA."***

What is the extent of damage caused by beaver in North Carolina?

Beaver in North Carolina are responsible for millions of dollars in damage annually to public roads and highways, state/county soil and water conservation districts, agricultural and forest resources, city water treatment and sewer systems, and other property. During the 1996-1997 state fiscal year alone the North Carolina Department of Transportation (DOT) documented spending over \$427,000 to repair state and federal highways damaged as a result of beaver activity. The Beaver Management Assistance Program (BMAP) was initiated in late 1992 to assist city and county governments, soil and water conservation districts, the DOT, and private landholders in addressing some of these problems.

How effective is this Program in helping landowners control beaver damage?

In 1996 alone the BMAP saved private citizens, city and county governments, the DOT, and others an estimated \$3.8 million in impending losses due to beaver activity. In a recently conducted mail-in survey of BMAP participants, respondents indicated that they were highly satisfied with the BMAP. The majority of respondents strongly agreed that USDA-WS personnel were knowledgeable about beaver damage control, BMAP was a useful program that should be continued, cost-share fees were reasonable, and they would like to continue using BMAP services.

How long will the Program need to continue?

Experience shows that beaver damage control activities must be conducted for at least two successive years to expect long-term results. BMAP is designed to reduce beaver numbers in problem areas to a *manageable* level so that a much less intensive damage control effort will be required in the future. Once beaver numbers are at a manageable level less effort is needed to keep beaver numbers in check.

Who administers the BMAP and conducts the beaver damage control work?

A nine member BMAP Advisory Board composed of representatives from state and federal agencies and the private sector and chaired by the NC Wildlife Resources Commission (WRC) oversees the program. The program is administered by USDA-WS through a cooperative service agreement with the WRC. Professionally trained wildlife specialists perform the work.

Who funds the BMAP?

The BMAP is a truly cooperative endeavor funded by the WRC, DOT, USDA-WS, and participating counties. Municipalities, soil and water conservation districts, and private landholders are also required to cost-share for any direct beaver control services.

Why not set a bounty on beaver to control damage?

Bounties to control beaver have been used in various states and counties throughout the United States. With few exceptions bounties have failed to adequately control beaver damage. Because there is no incentive for a bounty trapper to eliminate all beaver from a problem area, most trappers will remove only those beaver that are easily trapped, and then will move to a more lucrative trapping area. Bounty programs also do not remove the dam, which causes impounded water and is usually the main reason that most beaver damage occurs. Bounty systems require high administrative and verification costs as well.

Why do beaver have to be killed? Can't they be live-trapped and relocated?

Beavers are extremely mobile and can easily move 10-30 miles in search of a new home. This also means that beaver relocated to areas where their impact will be minimal or even desirable may immediately move to areas where they could create new problems. Relocating beaver to unfamiliar areas makes them more prone to disease, predation, and malnutrition. Also, many of the areas where beaver could be located have already established colonies where newcomers are subject to additional stresses of competition and infighting. The additional costs in manpower and special traps to live capture and relocate beaver are also factors. For these reasons the WRC typically discourages the relocation of beaver.

Aren't there non-trapping approaches that can be used to reduce damage caused by beaver?

There are several methods that can be used to help reduce damage caused by beaver including installing culvert type drains in dams to help reduce flooding and using various fencing strategies to protect trees, crops, and landscape. A recently developed method requires tree trunks to be coated with an alkyl paint mixed with sand or other gritty material. These methods are generally labor intensive to install and maintain, costly, unattractive and not always effective. They are impractical in many urban and rural situations where large tracts of land need protection. There are no known repellents at the present time effective against beaver.

Do beaver have any benefits at all?

When populations are properly managed, beaver can provide a number of benefits for both the landowner and other wildlife. Impounded water from beaver dams may provide the landowner with excellent hunting and fishing along with natural aesthetics. Beaver dams can help reduce soil erosion, improve water quality and recharge groundwater. They also create habitat that is beneficial for many species of birds, mammals, fishes, reptiles and amphibians. It is only when beaver numbers are not kept in check that significant losses to forestry, agriculture, roadways and landscape can occur. An important part of the BMAP is educating the landowner and the public as to the beneficial role that beaver play in the ecosystem. In fact, in some instances the landowner requesting assistance has opted not to remove beaver once some of their beneficial activities are pointed out. BMAP technicians only work a site at the request of a landowner or government agency to reduce present damage and or to prevent future damage from occurring.

What types of control methods are used? Are these methods humane or will beaver needlessly suffer?

Trapping is the most efficient way to control beaver damage. All traps used will quickly dispatch beaver. Shooting will at times also be used. In areas where other desirable wildlife such as river otter are subject to capture, snares can be used. When properly set, animals captured in snares can be released unharmed.

What about pets, especially dogs, being trapped?

There is always a remote chance that a pet could be captured in a trap. However, our experience in North Carolina shows that of the 15,000 + beaver removed since the program began, no domestic animals have been captured. It is also very important to point out that the beaver control activities are only conducted at the request and approval of the landowner. Before trapping is initiated the landowner is required to sign a form stating that he/she is fully aware of any potential hazards to pets or other wildlife.

What about trap hazards to other wildlife?

Animals that use beaver habitat, notably raccoons, muskrats, and river otter, are subject to capture by traps. But because of specific methods of setting traps for beaver by wildlife professionals these species are only occasionally captured.

What are done with the beaver that are captured?

During the months from November through February beaver are collected and sold to a licensed fur dealer contracted with the USDA-WS. All proceeds from the sale of beavers are put directly back into the program budget. Some beaver are used for research or study needs by interested agencies or are donated for educational displays at nature centers and parks. At other times the carcass is discarded or buried where it was recovered. The carcass may also be disposed of in approved landfills and incineration sites.

Beaver were extirpated from the state at one time, who restocked the beaver and why?

Starting in 1939 through 1951 the predecessor to the WRC, a state agency called Conservation and Development restocked the beaver from northern stock to the Sandhills region. They were brought back at the request of fur trappers when at the time beaver pelt prices were 3-5 times higher than they are now. But with dropping fur prices resulting in fewer trappers, lack of natural predators (wolves and cougars) and natural population growth, the beaver quickly reclaimed its territory throughout the state.

Are the wildlife specialists who do the trapping paid by the job or by the number of beaver trapped?

All specialists are employees of the federal government and are paid at the rate set for their career code and for time in service. They do not receive a commission or any other pay incentive for the number of jobs completed or beaver trapped.

Who can landowners or government agencies interested in the program contact to receive services?

The local county office of the NC Cooperative Extension Service or the state USDA-WS office in Raleigh at (919) 856-4124, will have the name and number of the wildlife specialist assigned to the locale of interest to assist the interested party with the beaver problem.

**Senate Appropriations Committee on
Natural and Economic Resources**

May 7, 1998

Room 423, Legislative Office Building

1. Chairman's Remarks
2. Committee Review of Governor's Recommended Expansion - Agency Presentations
 - Department of Commerce
 - MCNC
 - Rural Economic Development Center
 - State Information Processing Services (SIPS)
 - Housing Finance Agency
 - Department of Environment and Natural Resources
3. Committee Discussion
4. Instructions to Staff

SENATE APPROPRIATIONS COMMITTEE
ON
NATURAL AND ECONOMIC RESOURCES

THURSDAY, MAY 7, 1998

MINUTES

The Senate Appropriations Subcommittee on Natural and Economic Resources met on Thursday, May 7, 1998, at 9:00 a.m. in Room 423 of the Legislative Office Building. Three Senate members attended the meeting, including the Chair, Senator R. L. "Bob" Martin who presided.

Senator Martin called the meeting to order and announced that the committee will begin review of the Governor's Recommended Expansion Budget today. Plans are to complete the review from the agencies in three weeks.

Senator Martin recognized Secretary of Commerce Rick Carlisle. Secretary Carlisle referred to the Department of Commerce Expansion Request for fiscal year 1998-99. (Attachment A) He pointed out that there is a big movement on rural economic development. The state as a whole has done well.. Last year was a good year and there has been a good start this year. There are particular problems in rural North Carolina and there is in the budget an additional \$32 million in non recurring funds. This is to go to rural North Carolina counties to help provide water, sewer, etc. This is one of the key parts in the Department's request for funds this year. Also, they are trying to making sure they can be competitive as a state in terms of marketing the state. They are asking for additional money for the marketing program. Sec. Carlisle pointed out there is a request for money to cover the Special Olympics.

Senator Shaw congratulated Secretary Carlisle on his becoming Secretary of the Department and also on the marketing program and the Special Olympics. He asked Secretary Carlisle for further explanation on the rural economic program, will it help to supply land for industrial parks, as well as infrastructure, how will it be administered? Secretary Carlisle said this will be run through two existing programs. The \$18 million they have requested to go into those areas is to provide water, sewer, building renovation and utilities. The second one is a utility fund and that is for the 15 poorest counties. They are going to ask that this be extended to the 25 or 30 poorest counties in Tier 1 and Tier 2 as listed in their budget request.

Mr. Billy Ray Hall with the Rural Economic Development Center was recognized to explain the Minority Economic Development programs and the Supplemental Capacity Grant programs (Attachment B). Mr. Hall said \$4.1 million was appropriated last year for the Supplemental Capacity Grant programs and in the Governor's program there is a proposal for \$4.1 million for 1998-99. He explained the projects this money will be used

for and how the money was used last year. He said this is the best money he has ever seen for helping poor local residents get critical water and sewer needs who have never received water and sewer or to a new business who may have an opportunity to get but cannot match the money coming from other sources. Mr. Hall explained the other item in their request is for support for their administering funds for the state Community Development Corporation Association.

Jennifer Harrier, Staff explained items in the budget for Commerce for Minority Economic Development programs. The request is for this to be put in the continuation budget at the same level of funding for the current fiscal year.

Mr. William V. Arnold with the North Carolina Film Office was recognized to explain their request in the expansion budget. Mr. Arnold said the film office has been in existence for about 18 years and is doing a good job but he feels they need to be more aggressive in marketing and that is what the money is for. He said they are working closely with the four regional commissions in the state. They are finding they need to market together more aggressively for better production. Mr. Arnold said other states are becoming more competitive like Virginia and South Carolina. Appropriations will be used primarily for advertising and there is a request included for one more position.

J. W. with the North Carolina Film Office said the write up in the document indicates \$100,000 in clerical films commission. It should be \$50,000 per film commission.

Spoke for Regional Economic and Development and said the Governor has recommended an increase of \$350,000. A flat \$50,000 is being requested to be given to each Commission which is contrary to the way the program works now. He said the Committee may want to get some clarification on this. There is no special provision language provided in the document clarifying this. Mike Wilkins, Assistant Secretary of Economic Development assisted in the explanation saying that this has resulted in at least one region having to cut back some of their activities such as closing their office on Friday and taking deductions in salaries. This is in the southwest. He explained other things that were happening. He said he worked quite a bit on pulling the regions in to make them a bigger and better part of the overall picture. He is making them responsible for sites and buildings and keeping that inventory so that one person doesn't have to deal with 100 counties and other entities. He would like to restore the funding. Mr. Wilkins said the regions have made great progress and he is very pleased at what they are seeing.

Mr. Gordon Clapp, Director of Travel and Tourism was recognized. he said they are trying to retain the funding they received last year. The explanation of this budget request is on page 13 of "Attachment A." Most of the money will be used for advertising. He said they market in a number of ways. They go on sales missions, develop promotional materials and advertise the market in a number of ways to attract international visitors to North Carolina and it is growing significantly.

Mr. Wilkins explained money requested for the U.S. Open which will be in Pinehurst. in June of next year. They will be bringing in tour operators from all over the world. and this is an opportunity to promote golf in North Carolina not just Pinehurst. Mr. Wilkins said there are 563 golf courses in North Carolina and this is one of their major assets. People will be housed within 100 miles of Pinehurst and they will get some benefits with meals, transportation and other things. This event will be internationally televised. At Senator Martin's request Mr. Wilkins will supply the committee with information on the amount of money Pinehurst has budgeted for the U.S. Open.

Ms. Jennifer Herrera assisted in explaining money budgeted for the U.S. Open.

Mr. Mike Wilkins, Assistant Secretary of Economic Development spoke on the Marketing Mission of Trade Shows budget. He explained part of their working with the regions is to bring them together in marketing in an effort to produce more attractive trade shows.

Mr. Wilkins also spoke on the General Advertising and Marketing Fund explaining that with limitations of money they came up short with their ability to market. With this additional money they can expand in marketing especially in the high tech industries. These are the people who bring in major investments and jobs. It will take a while to prepare the state for this but they need to start doing their marketing efforts for this now.

Mr. Wilkins explained the \$25,000 additional funds requested to provide economic developers with Certified Economic Development (CED) Training.

Mr. Wilkins also explained the Industrial Development Competitive Fund (page 15 in Attachment A.

Mr. Stewart Dickinson spoke on the Industrial Development continuation appropriation for 1998-99. This is explained on page 16A in Attachment A. Mr. Mike Wilkins assisted in explaining and answering questions about infrastructure.

Mr. Bill Stephens spoke on State Development . He said in addition to rural poverty many of North Carolina cities have pockets of urban poverty. They have identified about 60 municipalities that have these pockets of poverty. The budget proposal is a companion to some legislation to be submitted this year to authorize the creation of state development. In answer to Senator Shaw's question Mr. Stephens said they have studied the census data and determined that they will get municipalities with a population of at least 5,000 and work through the areas within those municipalities that have poverty levels greater than 20%. The communities themselves will need to apply for certification. Senator Shaw requested a cap be put on this.

Mr. Mike Wilkins explained that the North Carolina Progress Board was created by the General Assembly in 1995 to create a vision for North Carolina's progress over the next 20 to 30 years, through the selection of long-term goals and measures for the state,

establishment of measurable targets to track progress toward meeting them, and reporting periodically to the General Assembly on that progress. This recommendation will provide operating support for the Board.

Senator Martin asked Mr. Mike Wilkins to explain the Global TransPark budget request. (Attachment #3) Mr. Wilkins said this is to restore the \$150,000 that was reduced from the Governor's recommended recurring appropriation last year. It would increase the amount available for marketing the Global TransPark for fiscal year 1998-99.

Mr. Buck LaTimore, Administrator of the North Carolina Industrial Commission, presented the explanation of their budget request. (Attachment #4) He explained Worker's Compensation hearings and the steps that are taken for these cases. They need the funds to pay employees to perform these tasks.

Mr. Joseph Freddose, CEO of the 1999 Special Olympics World Games, presented an explanation of the budget for this event. (Attachment #5) Mr. Freddose said the Special Olympics World Games will be the largest sporting event in the world in 1999, June 25 through July 4. There will be 7,000 athletes with mental retardation participating. There will be about 30,000 to 40,000 guests per day across the state. There will be national and international television coverage. The whole state will be involved. Mr. Freddose introduced Dr. Leroy Walker, President for the organizing committee and also immediate past president of the US Olympic Committee and is now President Emeritus of the US Olympic Committee. Mr. Freddose said the funds requested is basically related to promotion of the games on a world wide basis. Volunteers are also needed.

Ms. Lynn Gerber, Executive Director of the N.C. Global Center, was introduced next to explain funds requested as listed in the budget. (Page 24, Attachment #1). Ms. Gerber said the North Carolina Global Center (formerly North Carolina Center for World Languages & Cultures) is requesting these funds for seed money to become in the next three years self sufficient. They will not request state funding again. Ms. Gerber explained their program and how they operate. Senator Allran asked if any of these funds requested will be spent on a building to house this program. Ms. Gerber said it will not. Senator Martin proposed that Ms. Gerber be asked to come before the committee again at a later date when there are more of the committee members present to hear this proposal.

Mr. Bill Kress, President of MCNC, was introduced and requested that the state budget for MCNC be extended one more year at the \$4.5 million level. (Attachment #6) Mr. Kress said this is a temporary request and MCNC will become self sufficient by the end of the fiscal year 1999. Senator Allran asked Mr. Kress to give the committee a brief description of exactly what they will be doing? Mr. Kress said the corporation is essentially composed of three pieces. One is super computing and they provide supercomputing to the State of North Carolina under the University of North Carolina General Administration contract. They provide networking services. There is a network service called NCREN and the last division is the Electronics Division. The supercomputing and the networking parts of the company are self sufficient. They are

actually on a positive cash flow through the grants and the commercial parts they get. The problem is the commercializing and electronics part of their business.

Mr. J.W. explained the request for funds from the Institute for Aeronautical Technology. He said they received a million dollars appropriation last year for the planning of this facility and these funds are for the construction of the facility at Cherry Point. Sherri Evans-Stanton assisted in explaining (Page 25 in Attachment A).

Mr. Wilkins explained the request for funds for Eastern North Carolina Livestock Arena. (Page 25 in Attachment A) Mr. Wilkins said these funds will replace the Eastern North Carolina Livestock Arena. This Rocky Mount facility will be available for horse and swine breeding stock auctions, for cattle sales, and for functions of the Future Farmers of America and 4-H Clubs.

Ms. Sharon Decker, President of the Lynnwood Foundation explained the request for funds for William States Lee Leadership Institute at White Oaks. (Attachment \$7) Ms. Decker said that White Oaks is the home of James B. Duke. It was built in 1915 in the Myers Park Community of Charlotte. It was also the home of other notable industrialist; the Cannon family, the Lineberger family, both in textiles, last was the home of Rick and Dee Ray who started Raycom sports here in North Carolina. She said they are converting the facility into a conference center in order to preserve it long term. It will be used by the community all across the state and the country for conferences and meetings and seminars. Ms. Decker said this is a one time request due to their business plan that will allow the Center and the Institute to operate long term. They are honoring Bill Lee former Chairman of Duke Power Company., taking the model he gave to all. A very successful business professional but a man who was just as passionate about giving back to the community. Senator Martin asked how they will be supported? Ms. Decker said they will be supported in a couple of ways. They have already raised over \$8 million from the corporate and private community from across the state and the southeastern United States. Some will be private funding. They will be supported in addition through leasing the facility to groups who will rent it for their own business and meeting purposes and they will support themselves through the training and conference of seminars they offer through the Lee Institute.

Ms. Pamela Davison, Secretary of the Board of Directors of the World Trade Center presented their budget request. Ms. Davidson said they are continuing to work with the State Department of Commerce and the U.S. Department of Commerce in developing programs. The funds requested will be non-recurring funds and will enable the World Trade Center to continue to offer statewide international trade education programs and training seminars with top policy makers and business leaders at a cost affordable for any small business or entrepreneur.

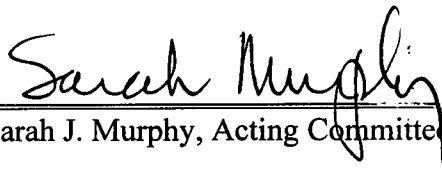
Mr. A. Robert Kucab, Executive Director of the Housing Trust Fund presented the budget request for the Housing Trust Fund requested by the Governor. (Attachment #8) Mr. Kucab said this has been an enormously successful enterprise and he elaborated on its

success. All the money requested in the budget goes for bricks and mortar. None of the money is spent on administration.

Mr. Wayne McDevitt, Secretary of the Department of Environment and Natural Resources presented the Governor's recommended changes in the 1998-99 State Budget. (Attachment #9). Mr. McDevitt said the last time he spoke to this committee they were working on a plan to achieve a vision of insuring that North Carolina's natural resources and healthy environmental economy to make this the best place to live, work, visit and raise a family. He said they have made significant progress in that area. Sec. McDevitt said they have a lot more to do and this budget will help them further along that way. He elaborated on the state's natural resources but pointed out clean water is the top stewardship priority of this state and it must be kept that way. Secretary McDevitt said this budget takes bold steps to enhance the natural resources of this state and protects its environment. He said the budget is broken down into 5 categories and he elaborated on the categories. Though he said it is a clean water budget.

Secretary McDevitt introduced some of their Commission Chairs attending the meeting; Mr. Press Pate, Marine Fisheries, Dave Moroe Management Chair, John Bratton, Jessie Meredith, Gene Thomas, Coastal Resources. Ms. Linda Sewall and Mr. Bill Holman answered questions from the committee members on well water and contaminated wells. Secretary McDevitt said more monitoring is needed and they are proposing to increase the number of stations they operate around the state.

The meeting adjourned at 12:25 p.m.



Sarah J. Murphy, Acting Committee Clerk



Senator R. L. Martin, Chairman

James B. Hunt, Jr., Governor

Rick Carlisle, Secretary

NORTH CAROLINA
DEPARTMENT OF COMMERCE

May 5, 1998

MEMORANDUM

To: Senator Martin, Chairman Senate Appropriations Sub-Committee
From: Phil Wilson *PHW*
Subject: Expansion Request for FY 1998-99

1. Minority Economic Development Programs

This recommendation continues from recurring funds the following programs:

A. Land Loss Prevention (\$350,000)

Funds provide free legal representation to low-income, financially distressed farmers.

Auth. 97-98	Auth. 98-99	Req. 98-99	Req. 99-00	Req. 00-01
350,000NR	0	350,000R	350,000R	350,000R

Last year the Legislature eliminated the Governor's recommended recurring appropriation and provided an additional \$75,000 in nonrecurring funds for FY 1997-98.

B. NC Coalition of Farm and Rural Families (\$250,000)

Fund foster economic development within the state's rural farm communities by offering marketing and technical assistance to small and limited resource farmers.

Auth. 97-98	Auth. 98-99	Req. 98-99	Req. 99-00	Req. 00-01
250,000NR	0	250,000R	250,000R	250,000R

Last year the Legislature eliminated the Governor's recommended recurring appropriation and provided an additional \$105,000 in nonrecurring funds for FY 1997-98.

C. NC Institute of Minority Economic Development (\$1,000,000)

Funds foster economic development within the state through policy analysis, information and technical assistance, resource expansion, and support of community-based initiatives.

Auth. 97-98	Auth. 98-99	Req. 98-99	Req. 99-00	Req. 00-01
1,000,000NR	0	1,000,000R	1,000,000R	1,000,000R

Last year the Legislature eliminated the Governor's recommended recurring appropriation and provided an additional \$220,000 in nonrecurring funds for FY 1997-98.

D. Minority Support Center (\$375,000)

Funds provide technical assistance to community-based minority credit unions.

Auth. 97-98	Auth. 98-99	Req. 98-99	Req. 99-00	Req. 00-01
375,000NR	0	375,000R	375,000R	375,000R

Last year the Legislature eliminated the Governor's recommended recurring appropriation and provided an additional \$100,000 in nonrecurring funds for FY 1997-98.

2. North Carolina Business Court

Business courts in North Carolina help foster a favorable business environment and attract new businesses and industries to the state by creating case law for business and trial cases that serve as precedent for future disputes, speeding up business cases and reducing the learning curve of judges, and creating an opportunity to make use of new technology resulting in a paperless court. North Carolina's Business Court was established in January 1996 with one judge handling about 50 complex business cases a year.

With no permanent facility or administrative staff, the court has a difficult time keeping up with demand. As published in the March 9, 1998 issue of *Lawyers Weekly USA*, "Lawyers praise the expertise of the court's only judge, Ben F. Tennille, but complain that having just one judge and meager staffing and resources means that the docket is crowded. As a result, some business litigants are heading back to the general jurisdictional courts." Those cases that cannot be referred to the Business Court due to capacity are given "exceptional case" status, which provides some of the benefits the Business Court affords such as being assigned to a single judge. However, it is not required that opinions be written for these cases (as is required of true Business Court cases), and businesses searching for precedents on business cases may have greater difficulty learning about these cases.

This recommendation will provide funds for 1) a law clerk and an administrative assistant; 2) renovation and rental of a permanent courtroom facility in Greensboro; and 3) the creation of an electronic courtroom.

\$138,188

135,000 NR

NORTH CAROLINA BUSSINESS COURT

BUDGET PROPOSAL

Annual Expenses

Personnel

Law Clerk

\$44,000.00

Administrator/Clerk/Secretary

\$38,000.00

Facility Costs

Rent

\$41,668.00

Janitorial

\$ 3,000.00

Operating Expenses

PO Box

\$ 120.00

Library

\$ 5,000.00

Telephone

\$ 2,000.00

Supplies

\$ 1,400.00

Computer System Updates

\$ 1,000.00

Contingency/Miscellaneous

\$ 2,000.00

Total Recurring

\$138,188.00

Nonrecurring Startup Costs

Computer System for Paperless Court	1	\$45,000.00
Furniture & Equipment	2	\$30,000.00
Renovation of Space	3	\$50,000.00
Library/Supplies	4	<u>\$10,000.00</u>
Total Nonrecurring		\$135,000.00

Total Costs Startup and First Year \$273,188.00

Footnotes to Nonrecurring Budget

1. Total cost is \$150,000 for two-year contract with The Raleigh Computer Company to provide all hardware, software, maintenance and training for electronic filing system and paperless courtroom. Private foundations have contributed \$105,000 of the total.
2. Includes furnishing offices, library/conference/jury room, and courtroom with movable chairs and tables. All space is now totally empty.
3. Covers necessary renovation and wiring of space. Landlord has agreed to do some of the renovation at its expense.
4. Initial purchases to establish base library.

3. North Carolina Film Office Advertising and Promotional Activities

Increased competitiveness of other states and foreign film programs has seen North Carolina's ranking drop to #4 nationally in 1996 with the decline expected to continue in 1997 as North Carolina's industry revenues experienced a \$111 million loss from the previous year's figures. Additional funding is to increase the agency's effectiveness in recruiting film, television, and commercial production to North Carolina and to restore the agency and its industry to the prominence it held in 1992 and 1993 when North Carolina ranked second only to California in revenues from production.

Make more frequent visits to Los Angeles to meet with major film studios and independent filmmakers. Increase advertising and promotional activities. Disburse funds to the state's four film commissions for coordinated cooperative advertising and promotion efforts with the state film office.

Recruit more film, television and commercial production to North Carolina thereby increasing state's revenues.

\$77,000

\$400,000 NR

P.6A.

BUDGET CODE: 14600 DEPARTMENT: DEPARTMENT OF COMMERCE PRIORITY No. 3 of 17
FUND NUMBER: 1571 FUND TITLE: PROMOTE FILM DIVISION/ INSTITUTION: TOURISM, FILM & SPORTS DEV.
PROGRAM NUMBER: 6520 PROGRAM TITLE: PROMOTE FILM
TITLE OF REQUEST: ADDITIONAL ADVERTISING & PROMOTION FUNDS.
STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?
YES ☐ NO ☒ XXXX
IF YES, ATTACH A COPY OF THE DRAFT.

	1998-99
TOTAL REQUIREMENTS	477,000
TOTAL RECEIPTS	0
APPROPRIATION	477,000
TOTAL POSITIONS	1.00

(400,000 NR)

NARRATIVE:

Purpose:

Increased competitiveness of other states and foreign film programs has seen North Carolina's ranking drop to #4 nationally in 1996 with the decline expected to continue in 1997 as North Carolina's industry revenues experienced a \$11 million loss from the previous year's figures. Additional funding is to increase the agency's effectiveness in recruiting film, television, and commercial production to North Carolina and to restore the agency and its industry to the prominence it held in 1992 and 1993 when North Carolina ranked second only to California in revenues from production.

Changes in Strategy:

Make more frequent visits to Los Angeles to meet with major film studios and independent filmmakers. Increase advertising and promotional activities. Disburse funds to the state's four film commissions for coordinated cooperative advertising and promotion efforts with the state film office.

Anticipated Outcome:

Recruit more film, television and commercial production to North Carolina thereby increasing state's revenues.

Additional funds will enable the NC Film Office staff to conduct ten additional marketing trips to contact major film studios and independent filmmakers.

Performance Measure		Actual	Actual	Estimated	Projected	Projected	Projected	Projected	Projected
Number of major film productions produced in N.C.		1995-96	1996-97	1997-98	1998-99	1999-2000	2000-2001	2001-2002	
Total Film Revenues in NC		53	47	52	57	63	69	76	
NC Film-Related Jobs		\$415 M	\$384 M	\$422 M	\$464 M	\$510 M	\$561 M	\$617 M	
		31,920	23,164	25,480	28,028	30,830	33,913	37,304	

4. Regional Economic Development Commissions

This recommendation will increase the current allocation to each of the seven regional commissions by \$50,000 and increase the total appropriation from \$4,275,000 to \$4,625,000.

Auth. 97-98	Auth. 98-99	Req. 98-99	Req. 99-00	Req. 00-01
4,275,000R	4,275,000R	4,625,000R	4,625,000R	4,625,000R

Last year the Legislature reduced the Governor's recommended recurring appropriation by \$405,000.

\$350,000

PERFORMANCE MEASURES

REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS

REGION	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
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Advantage West Regional Partnership

Invest. (Millions)	\$524	\$500	\$510	\$510	\$520	\$520	\$520
Jobs	7,369	6,500	6,700	6,700	6,900	6,900	6,900

Carolinas Regional Partnership

Invest. (Millions)	\$1,354	\$1,500	\$1,600	\$1,700	\$1,800	\$1,900	\$2,000
Jobs	13,734	13,800	14,000	14,200	14,400	14,600	14,800

Piedmont Triad Regional Partnership

Invest. (Millions)	\$1,084	\$1,200	\$1,200	\$1,300	\$1,300	\$1,400	\$1,400
Jobs	10,208	11,000	11,000	11,200	11,400	11,600	11,800

Research Triangle Regional Partnership

Invest. (Millions)	\$1,088	\$1,100	\$1,200	\$1,300	\$1,400	\$1,500	\$1,600
Jobs	13,953	11,000	11,400	11,800	12,200	12,600	13,000

Southeastern NC Regional Partnership

Invest. (Millions)	\$553	\$600	\$600	\$650	\$700	\$750	\$800
Jobs	5,285	5,300	5,300	5,400	5,400	5,500	5,500

Global TransPark Regional Partnership

Invest. (Millions)	\$700	\$750	\$800	\$800	\$850	\$900	\$950
Jobs	5,685	5,800	6,000	6,000	6,200	6,400	6,400

Northeastern NC Regional Partnership

Invest. (Millions)	\$195	\$200	\$200	\$220	\$240	\$260	\$280
Jobs	748	750	800	850	900	950	1,000

5. Travel and Tourism

A. International Marketing Efforts

Funding is being requested to continue the growing awareness of North Carolina in the international market. This year's funding is an extension of a special three-year allocation (FY94/95-FY96/97) from Dept. of Transportation.

Expand scope of promotion and advertising in the international market. Representation at more trade shows, increased visibility through sales missions, and specific marketing efforts for North Carolina's international markets (presently represented in United Kingdom and Germany), each having their own unique travel needs.

Reach more of the international travel market and develop increased visitation to North Carolina.

\$1,000,000 NR

5A of 17

Priority No.

TRAVEL & TOURISM

DIVISION/ INSTITUTION:

DEPARTMENT OF COMMERCE

BUDGET CODE: 14600

FUND NUMBER: 1551 FUND TITLE: TOURISM, FILM & SPORTS DEVELOPMENT

PROGRAM NUMBER: 6530 PROGRAM TITLE: PROMOTE TRAVEL & TOURISM

TITLE OF REQUEST: CONTINUATION OF INTERNATIONAL MARKETING FUNDS

STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?

YES ☐ NO ☐ XXXX

IF YES, ATTACH A COPY OF THE DRAFT.

	1998-99
TOTAL REQUIREMENTS	1,000,000
TOTAL RECEIPTS	-0-
APPROPRIATION	1,000,000
TOTAL POSITIONS	0.00

NARRATIVE:**Purpose:**

Funding is being requested to continue the growing awareness of North Carolina in the international market. This year's funding is an extension of a special three year allocation (FY94/95-FY96/97) from Dept. of Transportation.

Changes in Present Strategy:

Expand scope of promotion and advertising in the international market. Representation at more trade shows, increased visibility through sales missions, and specific marketing efforts for North Carolina's international markets (presently represented in United Kingdom and Germany), each having their own unique travel needs.

Anticipated Outcome:

Reach more of the international travel market and develop increased visitation to North Carolina.

B. General Advertising/Marketing Funds and 1999 US Open

Additional funds are requested to maintain the expansion of the current promotional advertising campaign increasing the awareness and perception of North Carolina as a desirable travel destination. Increased advertising efforts will directly result in increased fulfillment expenses (telephone, postage, freight, printing). Additionally, funding is requested to promote the 1999 US Open Men's Golf Championship in Pinehurst.

Expanded advertising efforts to include national cable television, radio national and major regional magazines and regional newspapers. Cooperative efforts with regional travel groups to expand their markets will be stepped up. Market research programs, which will allow for the measurement of the return on the tourism industry efforts.

Continued expansion of the advertising program will increase the reach and frequency of advertising placements. Increased advertising will result in increased inquiries and visitations thereby increasing tourism revenue, tax collections, investments and jobs.

On June 14-20, 1999, the eyes of the world will be on North Carolina when Pinehurst #2 hosts the 99th US Open Men's Golf Championship. Professional golfers representing 107 countries will be competing for the most coveted of all championships, the US Open. During the Championship, our state will be showcased on live television, nationally and internationally, for 26 hours. NC Department of Commerce has committed to being a Centennial Marquee Sponsor; non-reverting funding is requested in order to take full advantage of this sponsorship. For the Championship, plans are to bring in top business/industry officials, consultants and potential project representatives along with prominent sports dignitaries, international travel writers and tour operators to educate/familiarize them with North Carolina. Funding is needed to handle their travel and lodging expenses as well as signage, displays, marketing, merchandise, on-site entertainment and other planned activities. North Carolina can show the world our southern hospitality during the Championship and reiterate we are the best place to live, work and vacation. Based on previous championships, the estimated economic impact of this event is between \$150 - \$250 million.

\$2,000,000 NR

BUDGET CODE: 14600 DEPARTMENT: DEPARTMENT OF COMMERCE DIVISION/ INSTITUTION: TRAVEL & TOURISM

FUND NUMBER: 1551 FUND TITLE: TOURISM, FILM & SPORTS DEVELOPMENT

PROGRAM NUMBER: 6530 PROGRAM TITLE: PROMOTE TRAVEL & TOURISM

TITLE OF REQUEST: ADDITIONAL ADVERTISING & FULFILLMENT FUNDS/PROMOTE 1999 US OPEN

STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?

IF YES, ATTACH A COPY OF THE DRAFT.

YES ☐ NO ☒ XXXX

1998-99

2,000,000

-0-

2,000,000

NR

0.00

TOTAL REQUIREMENTS

TOTAL RECEIPTS

APPROPRIATION

TOTAL POSITIONS

NARRATIVE:

Purpose:
Additional funds are requested to maintain the expansion of the current promotional advertising campaign increasing the awareness and perception of North Carolina as a desirable travel destination. Increased advertising efforts will directly result in increased fulfillment expenses (telephone, postage, freight, printing). Additionally, funding is requested to promote the 1999 US Open Men's Golf Championship in Pinehurst.

Changes in Present Strategy:
Expanded advertising efforts to include national cable television, radio, national and major regional magazines and regional newspapers. Cooperative efforts with regional travel groups to expand their markets will be stepped up. Market research programs which will allow for the measurement of the return on the tourism industry efforts.

Anticipated Outcome:
Continued expansion of the advertising program will increase the reach and frequency of advertising placements. Increased advertising will result in increased inquiries and visitations thereby increasing tourism revenue, tax collections, investments and jobs.

On June 14-20, 1999, the eyes of the world will be on North Carolina when Pinehurst #2 hosts the 99th US Open Men's Golf Championship. Professional golfers representing 107 countries will be competing for the most coveted of all championships, the US Open. During the Championship, our state will be showcased on live television, nationally and internationally, for 26 hours. NC Department of Commerce has committed to being a Centennial Marquee Sponsor; non-reverting funding is requested in order to take full advantage of this sponsorship. For the Championship, plans are to bring in top business/industry officials, consultants and potential project representatives along with prominent sports dignitaries, international travel writers and tour operators to educate/familiarize them with North Carolina. Funding is needed to handle their travel and lodging expenses as well as signage, displays, marketing, merchandise, on-site entertainment and other planned activities. North Carolina can show the world our southern hospitality during the Championship and reiterate we are the best place to live, work and vacation. Based on previous championships, the estimated economic impact of this event is between \$150 - \$250 million.

New/ Actual uthorized
Existing* 1995-96 1996-97 1997-98 1998-99 1999-00 2000-01 2001-02

Description:

TRAVEL EXPENDITURES (IN BILLIONS)	Continuation	E	\$9.23	\$9.71	\$10.11	\$10.76	\$11.45	\$12.19	\$12.98
	Expansion				\$0.05	\$0.06	\$0.06	\$0.06	\$0.66
	Revised				\$10.16	\$10.82	\$11.51	\$12.25	\$13.64
INQUIRIES IN RESPONSE TO ADVERTISING CAMPAIGN	Continuation	E	345,664	302,213	308,335	346,876	364,198	382,407	401,527
	Expansion				150,000	157,500	165,375	173,644	182,326
	Revised				458,335	504,376	529,573	556,051	583,853
NUMBER OF TRAVEL-RELATED JOBS (IN THOUSANDS)	Continuation	E	161.80	167.40	170.80	174.20	177.60	181.10	184.70
	Expansion				16.24	16.73	17.23	17.75	18.28
	Revised				187.04	190.93	194.83	198.85	202.98
STATE TAX COLLECTION ON LODGING (IN MILLIONS) *TAX COLLECTION INFORMATION NOT YET AVAILABLE	Continuation	E	440.20	488.60	509.60	542.70	577.90	615.40	655.40
	Expansion				15.20	16.20	17.30	18.40	19.60
	Revised				524.80	558.90	595.20	633.80	675.00
WORLD-WIDE WEBSITE VISITS (THOUSANDS)	Continuation	N		(CY)4,108	6,500	6,695	6,895	7,701	7,243
	Expansion				325	341	358	376	395
	Revised				6,825	7,036	7,253	8,077	7,638

#

6. Business/Industry Development (B/I)

A. Marketing Missions and Trade Shows

Funding is being requested to continue the growing awareness of North Carolina in the international market. This year's funding is an extension of a special three-year allocation (FY94/95-FY96/97) from Dept. of Transportation.

Expand scope of promotion and advertising in the international market. Representation at more trade shows, increased visibility through sales missions, and specific marketing efforts for North Carolina's international markets (presently represented in United Kingdom and Germany), each having their own unique travel needs.

Reach more of the international travel market and develop increased visitation to North Carolina.

\$250,000 NR

12A.

BUDGET CODE: 14600 DEPARTMENT: 1531 FUND TITLE: Commerce DIVISION/INSTITUTION: 6A of 17
Business/Industry

PROGRAM NUMBER: 6100 PROGRAM TITLE: Business & Industry
TITLE OF REQUEST: Team North Carolina Missions/Trade Shows
STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?
YES NO XXXX

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	250,000
APPROPRIATION	0
TOTAL POSITIONS	250,000
	0.00

IF YES, ATTACH A COPY OF THE DRAFT.

NARRATIVE:

The Department of Commerce's Business/Industry Development Division and the 7 Regional Economic Development Partnerships will work cooperatively to more effectively market our state and its regions at select national manufacturing trade shows. By executing this program effectively, we will be able to increase the number of companies interested in considering North Carolina for their multi-million dollar site locations.

We will target businesses at 5 major trade shows throughout the year (SAE Automotive Show, Interphex Medical Show, National Manufacturing Week, Plastics Show, and the International Developers Research Council (IDRC). These shows attract key business decision-makers and consultants in many of our targeted, higher wage, high performance industry categories.

We plan on constructing a Team North Carolina Pavilion that would occupy a larger and more prominent space at these shows and would dramatically increase the visibility of our state. Each of the regions and the state would jointly work at the Pavilion and share in the leads generated by the event. By cooperating we anticipate more quality prospect leads and after the initial expenditure for the Pavilion, would save money through this cooperative effort.

B. General Advertising/Marketing Funds

Additional funds are requested to maintain the expansion of the current promotional advertising campaign increasing the awareness and perception of North Carolina as a desirable travel destination. Increased advertising efforts will directly result in increased fulfillment expenses (telephone, postage, freight, printing). Additionally, funding is requested to promote the 1999 US Open Men's Golf Championship in Pinehurst.

Expanded advertising efforts to include national cable television, radio, national and major regional magazines and regional newspapers. Cooperative efforts with regional travel groups to expand their markets will be stepped up. Market research programs, which will allow for the measurement of the return on the tourism industry efforts.

Continued expansion of the advertising program will increase the reach and frequency of advertising placements. Increased advertising will result in increased inquiries and visitations thereby increasing tourism revenue, tax collections, investments and jobs.

On June 14-20, 1999, the eyes of the world will be on North Carolina when Pinehurst #2 hosts the 99th US Open Men's Golf Championship. Professional golfers representing 107 countries will be competing for the most coveted of all championships, the US Open. During the Championship, our state will be showcased on live television, nationally and internationally, for 26 hours. NC Department of Commerce has committed to being a Centennial Marquee Sponsor; non-reverting funding is requested in order to take full advantage of this sponsorship. For the Championship, plans are to bring in top business/industry officials, consultants and potential project representatives along with prominent sports dignitaries, international travel writers and tour operators to educate/familiarize them with North Carolina. Funding is needed to handle their travel and lodging expenses as well as signage, displays, marketing, merchandise, on-site entertainment and other planned activities. North Carolina can show the world our southern hospitality during the Championship and reiterate we are the best place to live, work and vacation. Based on previous championships, the estimated economic impact of this event is between \$150 - \$250 million.

\$500,000 NR

PLEMENTAL EXPANSION BUDGET WORK

BUDGET CODE: 14600 DEPARTMENT: 1531 FUND TITLE: Commerce DIVISION/ INSTITUTION: 6B of 17
 FUND NUMBER: 6100 PROGRAM TITLE: Business & Industry
 TITLE OF REQUEST: Marketing/Advertising
 STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	500,000
APPROPRIATION	0
TOTAL POSITIONS	500,000
	0.00

IF YES, ATTACH A COPY OF THE DRAFT.

NARRATIVE:

Although North Carolina continues to have success in economic development, we are facing more competition than ever in the recruitment of companies to our state. In the most recent national rankings, North Carolina fell from #1 to #5 among the states in new and expanding business locations.

One important strategy in our recruitment efforts is to deliver a message to targeted high wage, high performance companies that we want their businesses. Our current marketing/advertising budget is not sufficient for us to effectively target these businesses. According to the Rome Report, which calculates economic development media spending, we are slightly ahead of South Carolina, but are behind Ohio and Virginia by almost \$1 million over a two year period. We are requesting recurring funds to help us maintain and enhance North Carolina's good business image and to generate more clients who plan on locating facilities in our state. We believe this investment will ultimately result in more companies locating in our state and creating new jobs and greater tax revenues.

REQUIREMENTS:		Priority No.		6B		of		17	
ACCOUNT NO.	ACCOUNT TITLE	Authorized 1997-98	Authorized 1998-99	Request 1998-99	Projected				
					1999-00	2000-01	2001-02	2002-03	
532860	Advertising	559,687	640,187	500,000	500,000	500,000	500,000	500,000	
	Requirements	8,059,424	4,595,330	500,000	500,000	500,000	500,000	500,000	
	No. of Positions (F.T.E)	64.00	64.00	0.00	0.00	0.00	0.00	0.00	
RECEIPTS:									
	Receipts	2,216,201	0	0	0	0	0	0	
	APPROPRIATION	5,843,223	4,595,330	500,000	500,000	500,000	500,000	500,000	
	CHANGE IN CASH BALANCE								

Description:		Priority No.		6B		of		17	
	New/ Existing*	Actual 1996-97	Authorized 1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	
Of the new mfg. companies that located in the new mfg. corridor in the state, at least 25% located in NC	Continuation			120	120	120	120	120	
	Expansion			15	20	25	25	25	
	Revised			135	140	145	145	145	

C. Certified Economic Development (CED) Training

Additional funds are requested to provide economic developers with Certified Economic Development (CED) training. The CED Program is the nationally recognized training standard which all economic development professionals strive to obtain. Supporting the development staff in receiving this additional training will increase the quality of services provided to clients and help keep North Carolina competitive in attracting and retaining a professional staff.

\$25,000 NR

PLEMENTAL EXPANSION BUDGET WORK

BUDGET CODE: 14600 DEPARTMENT: 1531 FUND TITLE: Commerce
FUND NUMBER: 6100 PROGRAM TITLE: Business & Industry
TITLE OF REQUEST: Employee Training
STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?
YES ☐ NO ☒ XXXX
IF YES, ATTACH A COPY OF THE DRAFT.

Priority No. of 17
Business/Industry

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	25,000
APPROPRIATION	25,000 NR
TOTAL POSITIONS	0.00

NARRATIVE:

Additional funds are requested to provide economic developers with Certified Economic Development (CED) training. The CED Program is the nationally recognized training standard which all economic development professionals strive to obtain. Supporting the development staff in receiving this additional training will increase the quality of services provided to clients and help keep North Carolina competitive in attracting and retaining a professional staff.

D. Industrial Recruitment Competitive Fund

The purpose of the Business/Industry Development program is to encourage new and/or existing manufacturing and non-manufacturing industries, both domestic and international, to locate, remain, or expand facilities throughout North Carolina. This is accomplished primarily by programs designed to recruit and promote industrial investments. The Industrial Recruitment Competitive Fund was established for the purpose of providing financial assistance to those businesses and/or industries deemed by the Governor to be vital to a healthy and growing state economy and that are making significant efforts to establish or expand in North Carolina.

This request is for additional funding for this highly successful program.

There is no change to the present strategy. This request is for funding to enhance this program.

The increased funding will enable North Carolina to continue to relocate industry to the state by providing funds necessary to "close the deal" in specific instances.

\$5,000,000 NR

15A.

BUDGET CODE: 14600 DEPARTMENT: 1531 FUND TITLE: Commerce DIVISION/INSTITUTION: 6D of 17 Business & Industry

FUND NUMBER: 6100 PROGRAM TITLE: Business & Industry

TITLE OF REQUEST: Funding for Industrial Recruitment Competitive Fund

STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?

YES ☐ NO ☒ XXXX

IF YES, ATTACH A COPY OF THE DRAFT.

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	5,000,000
APPROPRIATION	0
TOTAL POSITIONS	5,000,000 NR
	0.00

NARRATIVE: The purpose of the Business/Industry Development program is to encourage new and/or existing manufacturing and non-manufacturing industries, both domestic and international, to locate, remain, or expand facilities throughout North Carolina. This is accomplished primarily by programs designed to recruit and promote industrial investments. The Industrial Recruitment Competitive Fund was established for the purpose of providing financial assistance to those businesses and/or industries deemed by the Governor to be vital to a healthy and growing state economy and that are making significant efforts to establish or expand in North Carolina.

Need

This request is for additional funding for this highly successful program.

Change to the Present Strategy

There is no change to the present strategy. This request is for funding to enhance this program.

Anticipated Outcomes

The increased funding will enable North Carolina to continue to relocate industry to the state by providing funds necessary to "close the deal" in specific instances.

[illegible]

7. Commerce Finance Center

A. Industrial Development Fund-Building Renovation and Utility Infrastructure Account

The Industrial Development Fund was enacted in 1987 and began operations in January 1988. It provides funding in Tiers 1, 2, and 3 counties for manufacturing companies locating or expanding in those areas that need public utility infrastructure or building renovation. The funding level began in 1987 at \$1200/job with a maximum project of \$250,000. In 1993 the funding level was changed to \$2400 / job with the maximum per project remaining at \$250,000. In 1996 the funding level was changed to \$4,000- / job and \$400,000 per project.

Over the years-- 1987 to 1998, the periodic appropriations to the fund have totaled \$ 23.3 million dollars, averaging, through January 1998, about \$2 million per year. This amount of funding has been a continuing item in the annual budget for the past two years.

While appropriations and project activities were generally in balance during the first years of the IDF, with adequate money for projects, two significant things (both good) have occurred over the last 2-3 years that have thrown the balance askew: there have been more projects, of better quality, than in the first years of the IDF; and, the projects coming to us have been funded, in many cases, at a higher maximum (\$4,000/Job--\$400,000/Project). This higher maximum has never been directly addressed by an increased appropriation. In addition there was an amendment to the act in 1996 that permits Tier One counties to not match the state's funding. In Tiers two and three this match remains at 25% of the total project cost. This has placed a larger strain on projects funded out of the IDF in those Tier One counties.

The continuing appropriation for 1998-99 will be \$2 million. Add to that anticipated receipts of interest and principal of \$600M, and you have \$2.6million, which will fund 13 projects, using the average funding for the last 30 projects booked. As a minimum, we recommend adding \$1 million to the regular IDF. This equates to funding 18 projects, \$200,000 average; or 9 projects, \$400,000 average.

The total jobs to be created by projects assisted by the IDF since inception total 16,580, with an average IDF appropriation cost of \$1,613.00. Using this experience, an additional \$1 million in appropriation to the IDF would mean 620 manufacturing jobs in Tiers 1,2, and 3 counties.

\$18,000,000 NR

16A.

BUDGET CODE: 14600 DEPARTMENT: Commerce PRIORITY NO. 7A of 17
FUND NUMBER: 1581 FUND TITLE: Industrial Financing
PROGRAM NUMBER: 6100 PROGRAM TITLE: Business & Industry
TITLE OF REQUEST: Add'l Requirement for Regular IDF
DIVISION/INSTITUTION: Commerce Finance

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	18,000,000
APPROPRIATION	0
TOTAL POSITIONS	18,000,000 NR
	0.00

STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?

YES ☐ NO ☒ XXXX

IF YES, ATTACH A COPY OF THE DRAFT.

NARRATIVE:

INDUSTRIAL DEVELOPMENT FUND

BACKGROUND

The Industrial Development Fund was enacted in 1987 and began operations in January 1988. It provides funding in Tiers 1, 2, and 3 counties for manufacturing companies locating or expanding in those areas that need public utility infrastructure or building renovation. The funding level began in 1987 at \$1200/job with a maximum project of \$250,000. In 1993 the funding level was changed to \$2400 / job with the maximum per project remaining at \$250,000. In 1996 the funding level was changed to \$4,000- / job and \$400,000 per project.

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While appropriations and project activities were generally in balance during the first years of the IDF, with adequate money for projects, two significant things (both good) have occurred over the last 2-3 years that have thrown the balance askew: There have been more projects, of better quality, than in the first years of the IDF; and, the projects coming to us have been funded, in many cases, at a higher maximum (\$4,000/Job--\$400,000/Project). This higher maximum has never been directly addressed by an increased appropriation. In addition there was an amendment to the act in 1996 that permits Tier One counties to not match the state's funding. In Tiers two and three this match remains at 25% of the total project cost. This has placed a larger strain on projects funded out of the IDF in those Tier One counties.

NEED

The continuing appropriation for 1998-99 will be \$2 million. Add to that anticipated receipts of interest and principal of \$600M, and you have \$2.6million, which will fund 13 projects, using the average funding for the last 30 projects booked. As a minimum, we recommend adding \$1 million to the regular IDF. This equates to funding 18 projects, \$200,000 average; or 9 projects, \$400,000 average.

ANTICIPATED BENEFIT

The total jobs to be created by projects assisted by the IDF since inception total 16,580, with an average IDF appropriation cost of \$1,613.00. Using this experience, an additional \$1 million in appropriation to the IDF would mean 620 manufacturing jobs in Tiers 1,2, and 3 counties.

B. Industrial Development Fund-Utility Account

The General Assembly in its 1996 Second Extra Session established the Utility Account in the Industrial Development Fund and gave it an appropriation of \$2 million dollars. The rationale for this special assistance was to give Tier I counties (the ten most economically distressed) the ability to fund needed public utility projects where funds for doing so were not available or adequate. One year later, in the regular 1997 Session, the General Assembly placed another \$2 Million into the account, and expanded the number of counties in Tier One by allowing a county to remain in that Tier designation for a minimum of two years regardless of their annual distress formula ranking.

Within six months after each appropriation the money has been fully obligated to pay for: water and sewer lines to new industrial parks, natural gas extensions, and other important uses. Counties and their industry are coming to us now with new utility needs, projects that are economically impressive and deserve funding. Three million dollars is requested for the 1998-99 fiscal years to fund these projects.

Funding new utility projects in Tier I counties will make prospective industrial and commercial sites have meaning. It will give the industrial development arm a "bird in the hand" when new or expanding industries come seeking potential sites. For Tier I counties, local funding for utility projects is either not available due to budget constraints, or, at the best, inadequate to fund the proposed projects.

\$14,000,000 NR

BUDGET CODE: 14600 DEPARTMENT: Commerce FUND TITLE: Industrial Financing
 FUND NUMBER: 1581 PROGRAM TITLE: Business & Industry
 PROGRAM NUMBER: 6100
 TITLE OF REQUEST: Request for Funding Indust Utility Account 1998-1999
 STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?

PRIORITY No. 7B of 17
 DIVISION/ INSTITUTION: Commerce Finance Center

YES ☐ NO ☒ XXXX

IF YES, ATTACH A COPY OF THE DRAFT.

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	14,000,000
APPROPRIATION	0
TOTAL POSITIONS	14,000,000 NR
	0.00

NARRATIVE:

UTILITY ACCOUNT

BACKGROUND

The General Assembly in its 1996 Second Extra Session established the Utility Account in the Industrial Development Fund and gave it an appropriation of \$2 million dollars. The rationale for this special assistance was to give Tier I counties (the ten most economically distressed) the ability to fund needed public utility projects where funds for doing so were not available or adequate. One year later, in the regular 1997 Session, the General Assembly placed another \$2 Million into the account, and expanded the number of counties in Tier One by allowing a county to remain in that Tier designation for a minimum of two years regardless of their annual distress formula ranking.

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ANTICIPATED BENEFIT

Funding new utility projects in Tier I counties will make prospective industrial and commercial sites have meaning. It will give the industrial development arm a "bird in the hand" when new or expanding industry come seeking potential sites. For Tier I counties, local funding for utility projects is either not available due to budget constraints, or, at the best, inadequate to fund the proposed projects.

8. State Development Zones

The establishment of State Development Zones is recommended to make the state's cities more competitive in attracting businesses and job-creating investments to center city areas. Severely distressed center city areas need additional tools to carry out improvement strategies and attract businesses that will provide jobs and economic opportunities for area residents. Zones will offer a combination of tax credit incentives and grants to commercial or industrial projects that will stimulate investments and directly create jobs in these areas. Currently all but nine states in the nation have state zone programs.

An appropriation of \$2 million is recommended for grants to eight (8) local government zones selected in 1998-99 and grants to specific projects in certified zones. The Commerce Finance Center will administer the tax credit aspect of the program while the Division of Community Assistance will administer the certification of zones, the selection of zones for strategy implementation grants, and all grants to local zones.

\$2,000,000 NR

9. North Carolina Progress Board

In 1995, the General Assembly created the North Carolina Progress Board to create a vision for North Carolina's progress over the next 20 to 30 years through the selection of long-term goals and measures for the state, establishment of measurable targets to track progress toward meeting them, and reporting periodically to the General Assembly on that progress. This recommendation will provide operating support for the Board.

\$150,000 NR

P.18A.

BUDGET CODE: 4600 DEPARTMENT: 1620 Commerce FUND TITLE: Local Planning & Management
FUND NUMBER: 6600 PROGRAM TITLE: Assist counties and communities in orderly development
TITLE OF REQUEST: State Development Zone Program
PRIORITY No. 8 of 17 Community Assistance

STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?

YES ☐ XXXX NO ☐

IF YES, ATTACH A COPY OF THE DRAFT.

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	2,000,000
APPROPRIATION	0
TOTAL POSITIONS	2,000,000 NR
	0.00

NARRATIVE:

A State Development Zone program has been proposed by the Small Business and Entrepreneurship Committee of the Economic Development Board to make the state's cities more competitive in attracting businesses and job-creating investment to center city areas. Currently all but nine states in the nation have state zone programs. Severely distressed center city areas need additional tools to carry out improvement strategies and attract businesses that will provide jobs and economic opportunities for area residents. It is anticipated that the program will be submitted to the General Assembly in 1998 and will be authorized for implementation in 1998-99.

A combination of tax credit incentives will be offered to qualifying businesses in zones that are certified by the Secretary of Commerce. Additionally, project-based assistance will be available to localities with zones.

An appropriation of \$3,360,000 million is proposed for grants to specific projects in certified zones.

The Commerce Finance Center will administer the tax credit aspect of the program while the Division of Community Assistance will administer the certification of zones, the selection of zones for strategy implementation grants, and all grants to local zones.

10. Global TransPark Marketing

The purpose of this program is to promote the air cargo concept and to recruit the businesses and industries needed to make the project successful; to accurately identify, describe, and promote the Global TransPark as a unique intermodal transportation, manufacturing and distribution complex having special national and international advantages; and to actively recruit appropriate industries necessary for continued success of the project.

The marketing program will continue its intensive efforts to utilize a variety of media and trade advertisements, trade shows, personal presentations, direct mail, and electronic services in marketing the Global TransPark. Plans are to continue close coordination and interaction with other organizations, such as the NC Department of Commerce, Global TransPark Development Commission, and county-based organizations in the region.

The marketing program will also see to build upon the growing relationships in the GTP Network for the purpose of stimulating awareness among prospective users and tenants of the TransPark both domestically and abroad. A concerted initiative is already underway and will be continued this fiscal year to promote greater use of the Kinston Regional JetPort for cargo movement by attracting the firms necessary to provide that service.

Auth. 97-98	Auth. 98-99	Req. 98-99	Req. 99-00	Req. 00-01
172,036	172,036	322,036NR	322,036NR	322,036NR

Last year the Legislature reduced the Governor's recommended recurring appropriation by \$150,000.

\$150,000 NR

GLOBAL TRANSPARK MARKETING

BUDGET BREAKDOWN

	FY 97-98 Certified	FY 97-98 Authorized
Salaries and Wages	\$ 70,207	\$70,207
Payroll Additives	\$19,658	\$19,658
Travel Expense Employee on Loan	\$ 1,000	\$ 1,000
Travel In-State-Subsis	\$ 500	\$ 500
Travel In-State-Transport	\$ 2,500	\$ 2,500
Travel Out-Of-State Subsis	\$ 7,500	\$ 7,500
Travel Out-Of-State Transport	\$22,500	\$22,500
Travel-Other	\$ 300	\$ 300
State Aircraft	\$ 7,000	\$ 7,000
Telephone	\$ 1,500	\$ 1,500
Postage	\$ 3,000	\$ 3,000
Rent of Land and Structure	\$21,509	\$21,509
Dues & Subscriptions	\$ 7,862	\$36,500
Advertising & Promotions	\$ 0	\$21,000
Office Supplies	\$ 2,000	\$ 2,000
Printing & Binding	\$ 5,000	\$ 5,000
Software/Data Processing	\$ 0	\$ 5,000

Payments to Contractors

Aviation Cons/Federal Prgm	\$ 0	\$10,000
Project Develop/Research	\$ 0	\$76,877
Computer Expenses/Service	\$ 0	\$ 5,000
Other Agencies	\$ 0	\$ 3,000
Total Marketing	\$172,036	\$321,551*

*Includes unexpended, budgeted funds.

11. Industrial Commission Temporary Positions

The Industrial Commission handles approximately 75,000 worker related injury claims that come to the Commission annually. About 13% of workers' compensation claims are contested requiring mediation or formal hearings. Over the years, the workers' compensation system has become more litigious. With increasing injuries and claims litigation, the agency relies heavily on the Executive Secretary's Office to review and make legal rulings on medical issues; requests for reinstatement of benefits; orders regarding discovery, penalties, expert witness fees, guardian ad litem applications and dismissals; ruling on Compromise Settlement Agreements; third party distribution orders; attorney withdrawal orders; and Form 24 applications for termination or suspension of compensation. Annually the Office of the Executive Secretary handles over 19,000 motions, agreements, orders in workers' compensation cases. Each of these quasi-judicial functions speeds the contested claims process and the disposition of cases without a formal hearing. This request provides continuing funding for temporary positions to address these tasks and will increase responsiveness of the agency and avoid unnecessary litigation and formal hearings.

Last year the Legislature approved \$100,000 in temporary salaries for this purpose.

Auth. 97-98	Auth. 98-99	Req. 98-99	Req. 99-00	Req. 00-01
100,000NR	3,956	100,000NR	100,000NR	100,000NR

\$100,000 NR

North Carolina Industrial Commission

		Actual	Actual	Estimate*	Projected FY 98-99	Projected FY 99-00	Projected FY 00-01	Projected FY 01-02
	FY 95-96	FY 96-97		FY 97-98	FY 98-99	FY 99-00	FY 00-01	FY 01-02
Workers' Compensation Hearings Pending	3963	1322	698	600	600	600	600	600
Workers' Compensation Contested Cases Ordered to Mediation	1825	5234	6000	6200	6200	6200	6250	6250
Mediation Conference Settlement Rate	63.70%	67.30%	70.00%	70%	70%	70%	70%	70%
Percentage of Workers' Compensation Cases Settled Without a Hearing	84.70%	87.07%	88.00%	89%	90%	90%	90%	90%
Average Number of Days for Form 24 Process (Termination or Suspension of Compensation)	50	55	57	50		40	35	30
Average Number of Days for Compromise Settlement Process	10	8	10	8	8	8	5	5
Average Number of Days for Medical Motion Approval Process	45	40	45	35	35	30	25	20
				*July '97-March '98				
			**Projection based on addition of Temporary Positions					

12. Special Olympics 1999 World Summer Games

In approximately 500 days, 7000 athletes representing 150 countries, their families, other delegation members, media and VIP's will be coming to North Carolina to participate in the largest sporting event in the world in 1999, the Special Olympics World Summer Games. These guests will begin arriving in various host cities on June 18th then they will travel to the Games which are being held June 26-July 4. The cities of Raleigh, Durham and Chapel Hill (the Triangle) will welcome the world as the host of this international sporting event. The estimated impact for our state is between \$60 and \$65 million dollars, a conservative estimate. The State has committed not only personnel resources but financial resources as well. This additional \$4.4 million in sponsorship is vital to the success of the Games. To date, only \$600,000 has been appropriated. These funds are being used by the Games Organizing Committee to cover general operating and marketing costs. As we "Welcome the World" in 1999 it is important the State of North Carolina support the Games as the "official host" and provide all the resources necessary for them to be the best ever.

Auth. 97-98	Auth. 98-99	Req. 98-99	Req. 99-00	Req. 00-01
600,000NR	0	3,400,000NR		

Last year the Legislature appropriated \$600,000 NR to promote this event.

\$3,400,000 NR

BUDGET CODE: 14601 DEPARTMENT: 1913 FUND TITLE: 1999 SPECIAL OLYMPICS COMMERCE DIVISION/ INSTITUTION: 12 of 17 TRAVEL AND TOURISM

FUND NUMBER: 6530 PROGRAM TITLE: PROMOTE TRAVEL & TOURISM

TITLE OF REQUEST: ADDITIONAL FUNDING FOR 1999 SPECIAL OLYMPICS

STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?

YES ☐ NO ☒ XXXX

IF YES, ATTACH A COPY OF THE DRAFT.

	1998-99
TOTAL REQUIREMENTS	3,400,000
TOTAL RECEIPTS	0
APPROPRIATION	3,400,000
TOTAL POSITIONS	0.00

NARRATIVE:

In approximately 500 days, 7000 athletes representing 150 countries, their families, other delegation members, media and VIP's will be coming to North Carolina to participate in the largest sporting event in the world in 1999, the Special Olympics World Summer Games. These guests will begin arriving in various host cities on June 18th then they will travel to the Games which are being held June 26-July 4. The cities of Raleigh, Durham and Chapel Hill (the Triangle) will welcome the world as the host of this international sporting event. The estimated impact for our state is between \$60 and \$65 million dollars, a conservative estimate. The State has committed not only personnel resources but financial resources as well. This additional \$4.4 million in sponsorship is vital to the success of the Games. To date, only \$600,000 has been appropriated. These funds are being used by the Games Organizing Committee to cover general operating and marketing costs. As we "Welcome the World" in 1999 it is important the State of North Carolina support the Games as the "official host" and provide all the resources necessary for them to be the best ever.

13. North Carolina Global Center (NCGC)

The North Carolina Global Center (formerly North Carolina Center for World Languages & Cultures) is a nonprofit organization whose mission is to help organizations, including government agencies, businesses, not-for-profit services, and individuals, function effectively in the global environment. The NCGC raises public awareness about issues related to globalization and provides language training and cross-cultural orientation for United States citizens as well as for visitors to this country. Programs that the center provides include "Global Connections" involving a series of "awareness and action" projects, and "Global Training" involving programs designed to help people understand other cultures in order to work and live more effectively. This recommendation will enable the center's staff to research and produce its many programs.

NCGC's goal is to be self-supporting through fees, grants, and gifts by fiscal year 2001-2002; NCGC has no plans to seek additional state funding after 2001. State funding of \$500,000 over the next three years will enable the Center's staff to promote its programs throughout the Southeast and build a self-sufficient training and service organization.

During the three-year period, in addition to state funds, the Center expects to receive ongoing support from the Kenan-Flagler Business School through donation of office space and furnishing and some support services within the Frank Hawkins Kenan Institute of Private Enterprise. Supplemental funds for Global Connections activities will be requested from foundations and corporations. Direct costs for Language and Cross-cultural training will be covered from participant's fees; funds for development of these programs will initially come from state funds, but by 2000, design and development will come from fee-generated income.

\$250,000 NR

**North Carolina Global Center
Projected Budget
1998 - 2001**

Item	98-99	99-00	00-01
Revenues			
Balance Forward	35000	62820	18260
State of NC	250000	150000	100000
State's % of total	23%	12%	6%
Foundation Grants			
Global Dialogue	50000	8000	6000
Global Conn -TV	80000	40000	0
Planning Grants	5000	0	0
Federal Grants - Distance Learning	75000	75000	150000
Corporate gifts			
Global Conn -TV	320000	80000	0
Program Fees for Global Training			
TACT - Total Awareness Cultural Training	20000	37500	50000
LINK - language Immersion NetworkKing	125000	240000	312000
GMP - Global Management Program	125000	450000	800000
Projected Total Revenues	1085000	1143320	1436260
Expenditures			
General operations			
• Full-time staff	198000	245000	287000
Benefits	31680	39200	45920
Part-time staff and consultants	20000	10000	5000
Supplies & Equipment	12000	14000	15000
Communications	12000	14000	16000
Travel	12000	15000	20000
Printing	10000	12000	14000
Audit	10000	11000	12000
Projects & Programs			
NC Global Dialogue	46000	7360	5520
NC Global Connections TV	360000	108000	0
Distance Learning (Fed Grant)	67500	67500	135000
• Global Training	243000	582000	871500
Projected Total \$ Expenses	1022180	1125060	1426940
Plus costs paid in-kind from KFBS (note1)	75000	100000	120000
Cash Balance Carry-forward	62820	18260	9320

Notes

- 1) The Kenan Flagler Business School provides free of charge office space and furnishings for the North Carolina Global Center, as well as some support services, within the Frank Hawkins Kenan Institute of Private Enterprise -valued at \$75000 in first year and rising as Center expands staff and needs more space
- 2) Funding from the state represents 23% of the expected operations in 1998-1999, 12% in 1999-2000, and 6% in 2000 - 2001.
- 3) To guard against running a deficit, projections plan for a surplus in each year, in case anticipated gifts or numbers of participants in the Language and Cross-cultural programs falls somewhat short in the introductory stages.

Why is the North Carolina Global Center? ...

The North Carolina Global Center is a nonprofit organization whose mission is to help organizations and individuals function effectively in the global environment. The NCGC raises public awareness about the issues related to globalization and provides language training and cross-cultural orientation for United States citizens as well as for immigrants and visitors to this country.

NCGC's work is conducted through *collecting, connecting, and collaborating*. The Center's staff continuously gathers information on issues, trends, and activities related to globalization which are affecting the state, its people and its future. As it *collects* information, gathers insights and uncovers best practices, the staff disseminates the information to other organizations that might be able to benefit from this accumulated knowledge. Organizations can then apply the information or lessons learned to their activities independently or in *collaboration* with others. In some cases, the Center serves as a catalyst for communication and *collaboration* among other organizations; in other cases, the Center becomes involved in the development of a new program.

Programs that the Center develops fall into either of two categories: *Global Connections* or *Global Training*.

"We must live global lives. We compete in a world marketplace; travel further and more often than any previous generation; share ideas, tastes and experiences with counterparts from every culture; and recognize that to have a full and rewarding future, we have to look outwards."

-U.S. Secretary of State Madeleine Albright

Global Connections

To help the state's governmental agencies, businesses, not-for-profit services, and individuals understand the issues and embrace the challenges which surround the globalization of our state, the NC Global Center has initiated a series of "awareness and action" projects under the umbrella of "Global Connections." Activities include:

- ◆ *Global Issues Dialogue*, a multi-faceted, multimedia campaign utilizing newspaper coverage, the internet, telephone, and mailed surveys with reply postcards to encourage the citizens of North Carolina to air their concerns, impressions, and questions about globalizing as well as to share what works in managing the changing workforce, classroom, and community;
- ◆ *North Carolina's Global Connections*, a public television production building on the Global Issues Dialogue, which will address in six parts NC's global connections through education; people; business; support and infrastructure; and arts and culture;
- ◆ *North Carolina's Global Network*, networking conferences and "best practices forums" conducted throughout the state enabling internationally-oriented service organizations, government agencies, and education institutions to share issues and concerns, share best practices and explore possibilities for *collaboration*.

Global Training

The *collecting* that the Center does through its "Global Connections" activities facilitates the identification of topics and prospective customers for language and cross-cultural training. The resulting programs are designed to help people understand other cultures in order to work and live more effectively with the growing cultural diversity that comes from our changing workforce and expanded business horizons.

- ◆ **TACT** *Total Awareness Cultural Training*
Customized workshops serve US citizens who are interacting with people from other countries either here in the United States or abroad. Similar sessions are available to help non-US citizens understand American culture in order to more effectively study, live and work here.
- ◆ **LINK** *Language Immersion Network*
Often not knowing the language can be the missing link in establishing good business with an international business partner. The Language Immersion program (LINK) gives managers a chance to *experience first hand the culture and language* of a foreign market. Language training focuses on conducting business and is complemented by contact with local business leaders within the specific country.
- ◆ **GMP** *Global Management Program*
The GMP provides tailored, comprehensive training for management trainees in multinational companies. Intensive language instruction and cross-cultural training in the "host" country is followed by 6 - 9 months of employment in a local affiliate. The valuable lessons abroad enable the manager to better understand how to do business around the world, even if he or she is based in the US after completing the GMP. Current GMP countries are Mexico and Brazil.

Connect with us!

You can easily contact the North Carolina Global Center by phone, fax, e-mail, or through our web site: www.ncgc.base.org. The Center's activities are determined by the needs and interests of people like you. Please let us hear from you if:

- ◆ you can teach a language, or have skills which could be useful in a cross-cultural training program to orient either those going abroad or people settling here, so that we can add you to our **EXPERTS** database.
- ◆ you are an internationally-focused organization, business or non-profit, so we can *connect* others to you.
- ◆ you want to find out more about our Global Connections programs and how you can get involved in the global dialogue, television program, and conferences.
- ◆ you would like more information on our Global Training programs.



Lynne Gerber, Executive Director
Melissa Torres, Assistant Director

The North Carolina Global Center
The Frank Hawkins Kenan Institute of Private Enterprise
The Kenan Center - CB 3440
Chapel Hill, NC 27599-3440
tel. 919.962.4930 fax. 919.962.2784
ncgc@unc.edu

<http://www.ncgc.base.org>



Collecting...
Connecting...
Collaborating...

14. Institute for Aeronautical Technology

Because of the demand for a highly skilled labor force critical to the Naval Aviation Depot at the Marine Corps Air Station in Cherry Point, near Havelock, North Carolina and the growing needs from Global TransPark companies, a high-tech training center for aeronautical technology is currently under development. Through a consortium of local community colleges, universities, and the Institute for Aeronautical Technology, courses will be provided in initial aviation maintenance as well as advanced aeronautical skills. In 1997, the General Assembly appropriated \$1 million in nonrecurring funds for planning, design, and land acquisition. This recommendation will provide funding for construction of the facility and equipment.

ESTIMATED COST OF FACILITY

Building	\$4 million minimum and \$5 million maximum*
Equipment	\$1 million (for adequate start-up)
Total	Between \$5 and \$6 million

* The need for the facility to have an increased ceiling clearance, beyond that of a normal industrial building, increases the per-square-foot cost of this building.

\$5,000,000 NR

15. Eastern North Carolina Livestock Arena

This recommendation will provide funds for the construction of a facility to replace the Eastern North Carolina Livestock Arena. This Rocky Mount facility will be available for horse- and swine-breeding stock auctions, for cattle sales, and for functions of the Future Farmers of America and 4-H Clubs.

\$600,000 NR

16. William States Lee Leadership Institute

The William States Lee Leadership Institute, at White Oaks in Charlotte, will develop committed leaders in business, education, and the community based on the principles exemplified by the life and contributions of William Lee III. This will be accomplished by providing quality developmental opportunities and by convening forums for discussions of community issues, such as programs in leadership mastery, regional leadership, and educational leadership. This recommendation will provide funding for renovations at White Oaks as well as operating expense support for the facility and institute.

\$3,000,000 NR

026A.

THE WILLIAM STATES LEE LEADERSHIP INSTITUTE

For nearly three decades, the Charlotte region – indeed, the world – has benefited from the visionary leadership of William States (Bill) Lee III. Lee's energy, integrity, and faith shaped both the city in which he lived and the electric utility industry. In recognition of his unique talents and contributions, the Lynnwood Foundation has established The William States Lee Leadership Institute at White Oaks.

VISION

To be respected globally for developing leaders for stronger, more vital communities.

MISSION

To develop caring, capable, and committed leaders for the twenty-first century. We base our efforts on the principles exemplified by the life and contributions of William States Lee III: vision, action, integrity and faith.

We accomplish our mission by providing superior quality developmental opportunities and by convening forums for enlightened discussion of community issues. We focus on the development of leaders in business, education and the community.

1998 PROGRAMS OF THE LEE LEADERSHIP INSTITUTE

Program in Leadership Mastery: A dynamic, intensely personal education experience through which participants gain the necessary knowledge and self-confidence to assume responsibility for improving the effectiveness of their organizations, communities, and personal lives. This is a 14-day residential program experience over a 4-month period for twelve participants in each class. First course: June, 1998.

Regional Leadership: A program to create a cadre of diverse leaders throughout the 14-county Charlotte Region who can work collaboratively across public, private, and non-profit sectors for the benefit of their communities. The 30-member class will work together over a period of six months in a curriculum that includes self-assessment, a look at regional history and future trends, regional awareness and diversity, skills building, and the development of working relationships for addressing regional issues. First course, September, 1998. Two courses per year beginning in 1999.

Educational Leadership: Through a grant from Wachovia, the Lee Institute works with the N.C. Center for the Advancement of Teaching to implement a week-long leadership seminar for the N.C. Teachers of the Year each July. The Lee Institute places a high priority on the development of additional programs and opportunities to support and enhance the abilities of educators and administrators in the region and state.

26B.
Not-for-Profit Leadership: The Lee Institute is committed to providing non-profit leaders with high-quality opportunities for developing their own and their organization's potential, through scholarships to executive programs and specialized training.

CEO Series: Breakfast meetings for business leaders which will address crucial corporate leadership issues. First session: April, 1998.

Leadership Through Humanities: A look at leadership issues through history and the arts. Weekly late afternoon/dinner series. First course: Spring, 1998.

Blumenthal Program in Philanthropic Leadership: This program will focus on how to equip, encourage, and prepare philanthropic leadership.

17. World Trade Center

This \$300,000 in non-recurring funds will enable the World Trade Center to continue to offer statewide international trade education programs and training seminars with top policy makers and business leaders at a cost affordable for any small business or entrepreneur. Through these highly successful international trade programs and training seminars, the Center expands exports, supports the creation of high-quality jobs, and builds a stronger, more competitive North Carolina. Through its many educational efforts, the Center has served as an effective coordinator with other private and public trade service providers, industry associations, and academic institutions.

Auth. 97-98	Auth. 98-99	Req. 98-99	Req. 99-00	Req. 00-01
300,000NR	0	300,000NR	300,000NR	300,000NR

\$300,000 NR

Educational Spending Budget

1998-1999

(Proposed)

Program	Brief Description	# Provided	Cost*
"How to Do Global Market Research "	A new program for all levels of businesses. A fundamental piece of the foundation of international success.	12	\$24,000
"Go Global"	A one-day introduction to international trade providing businesses with the essentials to get started (held throughout the state)	10	\$40,000
"G.R.I.T.S."	Get Ready for International Trade Series is the next level for companies who are entering the mid-cycle of global business (held throughout the state, half and full day)	20	\$80,000
"Global Success" - Special Outreach through high-technology	Joint project with Technology Development Authority to make international education accessible to everyone in NC through live classes on individual computers.	45	\$46,000
Executive Luncheons	Series for higher level executives, targeting current issues	10	\$32,000
"Big Emerging Markets"	Programs targeting new opportunities for established exporters and those new to exporting (full day)	6	\$65,000
Major Conferences	Large conferences targeting the issues vital to the success of NC's companies (held in larger communities, full day)	4	\$80,000
Administration	Personnel and production		\$104,000
Speaker Travel	Travel costs for special speakers		\$21,000
Marketing Program for Smaller Communities	Special emphasis on increasing awareness and providing smaller communities complete information of programs available		\$50,000
"Global Success" on CD-Rom	Production of special classes onto CD-Rom for distribution around state at minimal or no charge.		\$11,000

Total: \$553,000

* all costs have been rounded to the nearest thousand

1. MCNC – Temporary Operating Support

In April 1996, MCNC, at the direction of the General Assembly, reported on the development of a plan to operate without state funding by July 1, 1999. To meet this goal, MCNC's continuation budget was reduced to \$4.5 million for 1997-98 and \$2.5 million for 1998-99. This recommendation will continue the 1997-98 level of \$4.5 million for another year.

\$2,030,750 NR

Rural Economic Development Programs**1. Minority Economic Development Programs**

This recommendation continues from recurring funds the following programs:

Supplemental and Capacity Grants Program (\$3,150,000)

NC Association of Community Development Corps. (\$200,000)

\$3,350,000

2. Supplemental and Capacity Grants Program

This recommendation provides a \$1.0 million increase in this program to provide funds to match federal, state, and other loan or grant program funds for projects that improve infrastructure and strengthen prospect for economic development or for units of local government to plan for needed infrastructure projects in economically distressed areas of North Carolina.

\$1,000,000 NR

1. North Carolina Information Highway (NCIH)

Nonrecurring funds are recommended to support the conversion of existing state funded sites to an expanded ATM-SONET network as well as to continue the operating support of existing state funded sites and an additional 55 sites already in the installation phase for the 1998-99 year.

Through this conversion, the state and its subscribers will benefit from remote network management, cheaper capacity cost, technology recognized as the national standard, a more flexible desktop computer system which allows multi-media applications, and more accessible and less costly communication outside of the state network.

This program supports the continuing implementation of new Information Highway sites across the state as provided by legislation and funding from the General Assembly and other sources. In this effort technology is monitored and recommended to maintain cost reductions, as they become available and to ensure acceptable performance levels and move toward nationwide standards as they are established.

\$6,143,160 NR

Actual Estimated

PROGRAM MEASURES: 1994-95 1995-96 1996-97 1997-98 1998-99

Number of active sites	77	101	106	138	195
Number of scheduled sessions	7,282	10,901	15,125	17,500	20,000
Number of hours usage	10,950	16,351	22,688	26,250	30,000

The Rural Center
Allocation of Governor's Budget Recommendation

Type of Cost	At \$10,000,000 requested		At \$4,150,000 recommended	
	Amount	Percent	Amount	Percent
Salary	300,000	3%	160,000	4%
FICA	22,950	0%	12,240	0%
Other fringes	52,050	1%	27,760	1%
Other administrative costs	125,000	1%	50,000	1%
	<u>500,000</u>	<u>5%</u>	<u>250,000</u>	<u>6%</u>
Supplemental grants	9,000,000	90%	3,700,000	89%
Capacity grants	500,000	5%	200,000	5%
	<u>9,500,000</u>	<u>95%</u>	<u>3,900,000</u>	<u>94%</u>
Total	<u>10,000,000</u>	<u>100%</u>	<u>4,150,000</u>	<u>100%</u>

Requested positions

Program officer	50,000	50,000
Engineer	55,000	-
Program Assistant	30,000	30,000
Accountant (1/2 position)	15,000	-
	<u>150,000</u>	<u>80,000</u>
Times two for two year commitment required to administer projects	<u>x 2</u> <u>300,000</u>	<u>x 2</u> <u>160,000</u>

**Local Economic Development Center
Supplemental and Capacity Building Grants Program**

5/7/98

**Expansion Budget Request
Governor's 1998 Budget**

Original Budget Request *****	Govenor's Expansion Budget *****	Current FY '97-98 Program *****
Amount of Request \$10,000,000	Amount of Request \$4,150,000	Appropriation \$4,100,000
Supplemental Grants \$9,000,000	Supplemental Grants \$3,700,000	Supplemental Grants \$4,100,000
Capacity Building Grants \$500,000	Capacity Building Grants \$200,000	Capacity Building Grants \$0
Administration \$500,000	Administration \$250,000	Administration \$0
Number of Supplemental Projects 125	Number of Supplemental Projects 40	Number of Supplemental Projects 41
* Jobs Created or Retained 17000	Jobs Created or Retained 9800	Jobs Created or Retained 9878
* Public Dollars Leverged \$155 million	Public Dollars Leverged \$63 million	Public Dollars Leverged \$63.3 million
* Private Dollars Leveraged \$590 million	Private Dollars Leveraged \$420 million	Private Dollars Leveraged \$423.8 million

*Based on historical program data 1994-1998

SUPPLEMENTAL EXPANSION BUDGET WORKSHEET

Attachment A1
Worksheet
(Due 3-2-98)

BUDGET CODE: 14614 DEPARTMENT: 1141 PRIORITY No. 1 of 3

FUND NUMBER: 6600 FUND TITLE: Rural Economic Development Center DIVISION/ INSTITUTION:

PROGRAM NUMBER: 6600 PROGRAM TITLE: Supplemental and Capacity Grants Program

TITLE OF REQUEST:

STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?

YES ☐ NO ☒

IF YES, ATTACH A COPY OF THE DRAFT.

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	10,000,000
APPROPRIATION	10,000,000
TOTAL POSITIONS	3.50

NARRATIVE:

The Supplemental Grants Program enables local governments and non-profit organizations in economically distressed areas to upgrade their water and sewer infrastructure and strengthen their prospects for economic development. The supplemental grants are designed to help low-wealth communities meet the local matching requirements for state and federal grants. An estimated 15,750 jobs have been created or retained and nearly 40,000 businesses or customers have benefited directly from new or improved water and sewer services. With these projects funded, an estimated \$551 million of private investment and \$145 million of public investment has been leveraged.

Based on historical data, the proposed \$9 million investment in Supplemental Funding alone is estimated to result in 125 projects, 17,000 jobs created or retained, \$590 million in private and \$155 million in public investment.

The Capacity Building Grants Program provides local governments in economically distressed areas with capacity to plan for/write federal and other state grant applications that address immediate economic development needs within their jurisdictions. From the two appropriations for this program in 1994 and 1995, only 40% of those local governments requesting funds received a grant. The program is the only one of its kind in the state that offers local governments a source for financing the preliminary plans and grant applications prerequisite to permanent funding. The Rural Center's Capacity Program has leveraged an estimated \$37.9 million in private investment. The Rural Center hopes to offer this grants program once again.

Since these programs were initiated with appropriations in fiscal 1994, they have been tremendously successful in meeting the needs they were designed to address. Demand for this type of funding has intensified. In fiscal 1998 alone, funding requests exceeded grants awarded by more than \$7 million. The opportunity to facilitate the completion of these vitally important infrastructure improvements does not, however, come without administrative challenges. These funds are awarded to recipients only after a comprehensive request for proposal process is undertaken. The management of this competitive process includes soliciting the applications, determining the criteria for optimal objective evaluation, and evaluating the applications received based on these criteria. Funding requested through this appropriation would be awarded to as many as 100-150 individual recipients. Once awards have been granted, program staff must follow and monitor all of the projects through their completion. Based upon historical data, project monitoring, final disbursement and closeout are typically reached in two years. Accordingly, the proposed budget includes administrative and personnel costs for two years of program operations.

**al Economic Development Center
Supplemental and Capacity Building Grants Program**

**Expansion Budget Request
Governor's 1998 Budget**

Estimated Changes in Workload Requirements

Current Workload FY '97-98	Govenor's Expansion Budget FY '98-99	Original Budget Request FY '98-99
Grant Portfolio Active 76 projects	Grant Portfolio Active 110 projects	Grant Portfolio Active 195 projects
Dollar Value \$5.2 million	Dollar Value \$9 million	Dollar Value \$14 million
Total Positions Assigned 1 - Program Manager	Total Positions Assigned 1 - Program Manager 1 - Program Assistant	Total Positions Assigned 1 - Program Manager 1 - Program Assistant 1 - Program Engineer 1 - PT Accounting Asst.
Administrative Allocation \$0	Administrative Allocation \$250,000	Administrative Allocation \$500,000

Global TransPark FY 1998-99 Marketing Budget (Proposed)

The Governor's proposed budget for GTP marketing restores a \$150,000 funding reduction that was applied for the present fiscal year (FY 1997-98). It would increase the amount available for marketing the Global TransPark to \$322,000 for FY 1998-99.

The \$322,000 amount would be approximately \$100,000 less than the amount appropriated in FY 1995-96. However, it would be sufficient to enable appropriate and effective marketing activities to occur as the Global TransPark completes initial development activities and moves into its construction phase.

Additional marketing funds are particularly important now, because the GTP has made a number of strides during the current fiscal year. As a result, the project's ability to market itself is greatly improved. Recent milestones include:

- The FAA's completion of the federal Environmental Impact Statement (September 1997);
- Receiving a federal grant of \$2.7 million to design the key extension of the runway at the Kinston Regional Jetport (from 8,600 feet to 10,600 feet) and to make improvements at the site (October 1997);
- Being selected as a finalist for the location of the FedEx Mid-Atlantic hub (November 1997 – April 1998);
- Receiving a state 401 certification for the GTP's wetland mitigation plan (April 1998).

The additional funding requested in the Governor's budget would allow the GTP's marketing program to increase its ability to utilize a variety of cost-efficient media and trade advertisements, trade shows, personal presentations, direct mail, and electronic services to market the Global TransPark. The GTP Authority will continue close coordination and interaction with other state, regional and local economic development organizations, such as the N.C. Department of Commerce, Global TransPark Development Commission, and county-based organizations in the region.

Also, the marketing program will build upon relationships in the GTP Network for the purpose of stimulating awareness among prospective users and tenants of the TransPark both domestically and abroad. A concerted initiative will be continued during the coming fiscal year to promote cargo movement by attracting the firms necessary to provide that service.

North Carolina Industrial Commission

North Carolina Industrial Commission

	Actual FY 95-96	Actual FY 96-97	Estimate* FY 97-98	Projected FY 98-99
Workers' Compensation Hearings Pending	3963	1322	698	600
Workers' Compensation Contested Cases Ordered to Mediation	1825	5234	6000	6200
Mediation Conference Settlement Rate	63.70%	67.30%	70.00%	70%
Percentage of Workers' Compensation Cases Settled Without a Hearing	84.70%	87.07%	88.00%	89%

Office of the Executive Secretary

<u>Average Monthly</u>	<u>Average Annually</u>	
202	2424	Form 24 Applications for Termination or Suspension of Compensation
138	1656	Motions on Medical Issues
689	8268	Compromise Settlement Agreements
330	3960	Orders regarding Discovery, Reinstatement of Compensation, Penalties, Dismissals, Expert Witness Fees, Guardian Ad Litem Applications, and Compliance with the Workers' Compensation Act
110	1320	Third Party Distributions
175	2100	Attorney Withdrawal Order

Approximately one-half of the Form 24 Applications require an informal telephonic hearing prior to an Administrative Decision and Order while the remaining ones require document review and an Administrative Decision and Order. Medical motions and motions on discovery issues, penalties, dismissals, reinstatement, and other compliance issues require review and an administrative order. Compromise Settlement Agreements require review for fairness and then an order.

[NOTE: These functions are performed by "Temporary Employees" including agency legal specialists, serving as "Special Deputy Commissioners" who conduct telephonic hearings on termination or suspension of compensation, and rule on Compromise Settlement Agreements and medical motions. Temporary employees also provide clerical support.]



April 23, 1998

MCNC, formerly the Microelectronics Center of North Carolina, a not for profit corporation located in Research Triangle Park, NC, requests that the State grant of \$4,500,000 currently being received by MCNC be continued through fiscal year 1999 (FY99). The grant was scheduled to be reduced to \$2,500,000 in FY99; therefore the request amounts to only an additional \$2,000,000 in State support.

These monies would be used for capital purchases, equipment maintenance and application development. At the close of FY99 no monies will be requested.

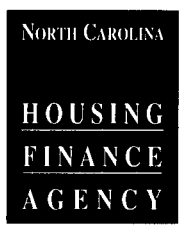
MCNC has world class technology but has had only modest success in commercializing this technology and thereby becoming self sufficient. Overly optimistic in its projections, the company has lost \$2,600,000 through mid year FY98.

In order to cut these losses \$2,000,000 has been cut from the corporate overhead; approximately \$1,000,000 of unfunded and unpromising projects have been stopped; a freeze on capital expenditures has been put in place, and senior management has been changed.

In the meantime, \$11,000,000 of venture capital has been raised to launch a new entity, Unitive Electronics. For their use of our technology, MCNC will receive 8,000,000 shares of stock in Unitive (which is approximately 35% of this corporation), a yearly lease payment of \$900,000, and over \$500,000 for the purchase of our equipment. This business arrangement is expected to be completed by the end of April, 1998.

It is strongly felt that with the measures noted above and the additional \$2,000,000, MCNC will be able to stand on its own by the end of FY99.

William R. Kress
President and CEO



MEMORANDUM

A self-supporting
public agency


A. Robert Kucab
Executive Director

PO Box 28066
Raleigh, NC
27611-8066

3801 Lake Boone Trail
Suite 200
Raleigh, NC
27607-2926

9-781-6115
9-781-5623

TO: Members of the Senate Natural and Economic Resources Appropriations Subcommittee

FROM: A. Robert Kucab
Executive Director 

DATE: May 7, 1998

SUBJECT: Fiscal Year 1998-1999 Budget Request for the Housing Trust Fund

STATEMENT: I am pleased to provide facts about the economic and social importance of Governor Hunt's recommendation for a \$2 million appropriation to the Housing Trust Fund in Fiscal Year 1999.

This bricks and mortar investment by the General Assembly will produce or repair about 200 homes for working families or the elderly and it will increase the state's tax base by about \$10 million.

As members of this subcommittee know, in our state almost 370,000 families of very-low income (i.e., below 50% of median) live in unaffordable or substandard housing and about 8,000 of our citizens are homeless. Access to affordable housing is a stumbling block for working people struggling to move off of welfare and it significantly affects the quality of life for low-income elderly.

In response, the General Assembly created the Housing Trust Fund as a flexible tool to finance affordable housing through a broad range of partnerships. The General Assembly, with the support of this NER Appropriations Subcommittee, has made appropriations to the Trust Fund in eight of the past 11 years, including \$5 million last fiscal year.

The Trust Fund has produced results. It has been recognized with three national awards. One for the Urgent Repair Program, which helps seniors with average annual incomes of about \$5,000; one for the Special Needs Financing Program, which has invested in several transitional homes for victims of domestic violence; and one for the Construction and Housing Rehab Training Program, which we sponsored jointly with the N.C. Home Builders Association in two cities to help the unemployed get trained for construction jobs.

The Trust Fund allows us to design new ventures, such as our downpayment assistance program. It is now funded with federal dollars and has helped 1,600 families buy their first home with average incomes of less than \$24,500.

Accomplishments of the Trust Fund since 1987 include:

- 7,000 homes built or rehabilitated
- \$205 million of housing produced

Strengths of the Trust Fund include:

- It has been used only for bricks and mortar—no money goes for administration, we pay all operating costs.
- It has expanded our economy by generating over 3,100 jobs and repaying the state's investment through \$29 million of new state tax revenue.
- It has been used in all 100 counties.
- It helps families with incomes below 30% of median and yet it still leverages \$5 of total investment for each \$1 of state investment.
- It meets a diversity of needs from first-time home buyers to the elderly, and it reaches persons with special needs, including the homeless and those with mental illness.

This has been a highly successful way of creating affordable housing. We ask for your continued support.

As most of you know, despite the successes, the Trust Fund has operated with year to year appropriations. Predictable and substantial funding would allow sponsors to plan ahead and would improve their effectiveness.

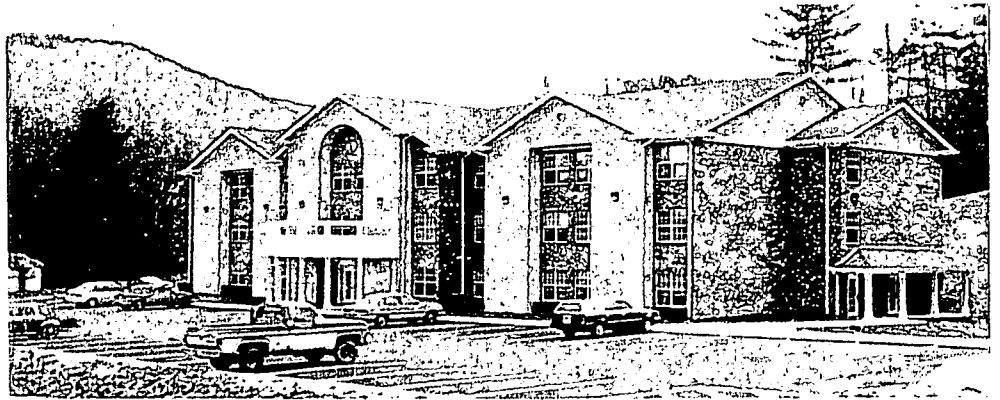
Competition for scarce resources is increasing as federal funding for housing has declined. As an example, sponsors of affordable rental housing have submitted \$17.6 million of applications to us in 1997, however, we only have \$7 million of available loan funds.

Again, an appropriation of \$2 million will enable the Trust Fund and our local partners to help 200 working families and the elderly gain access to affordable housing and will increase our tax base by \$10 million.

Thank you for this opportunity.

Housing Trust Fund In Action

For more information:
Bob Kucab, N.C. Housing Finance
Agency, 919.781.6115



Woodland Hills Apartments, Burnsville. This housing is linked with community services to help low-income elderly residents live independently.



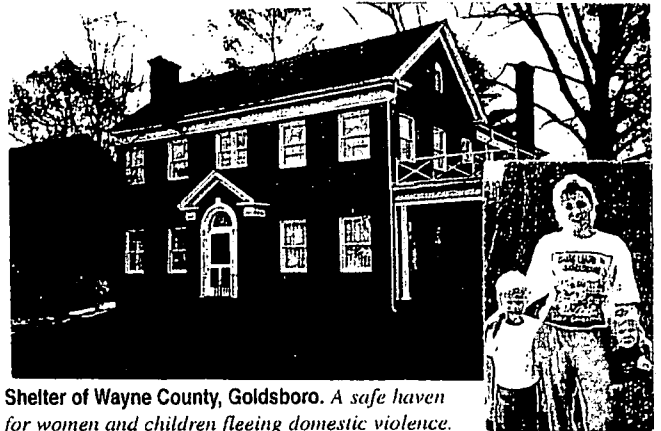
Fairmont Street, Monroe. 14 affordable homes by Monroe-Union County Community Development Corp. are part of a City revitalization area.



Construction Training, Charlotte, Raleigh, Rocky Mount. This N.C. Home Builders Assoc. course trains the unemployed—and places 75%.



Village at Stone Creek, Asheboro.
56 privately developed apartments for low-wage families.



Shelter of Wayne County, Goldsboro. A safe haven for women and children fleeing domestic violence.



Adventura East, Wilson. Wilson Community Improvement Assoc. and the City of Wilson developed this subdivision of 68 affordable homes.



Willow Pond Apartments, Wilmington. A self-sufficiency program helps families who once lived in public housing to save for a home.

Attachment 9

**The North Carolina Association of Community
Development Corporations
Report to Appropriations Subcommittee on Natural and Economic Resources
May 1998**

Community-based development corporations play a vital role in strengthening community economic development initiatives in underdeveloped communities across North Carolina. To be successful, and to sustain such important work, CDCs need to become strong, well-managed, self-sustaining organizations who work in collaboration with other community-based organizations and CED partners throughout the industry. This work is strengthened by support from a statewide organization that understands their work, issues and challenges and provides training, technical assistance and general organizational support. This is the role the North Carolina Association of Community Development Corporations (NCACDC) plays.

Overview of Support Services

NCACDC works with all CDCs throughout the state—new, emerging, mature, and conceptual—providing an array of program support services from which CDCs can choose. In 1996 we performed an industry-wide needs assessment of CDCs in North Carolina to help us determine training, development, and resource needs, as well as to identify real estate development projects planned by CDCs for the next five years. The assessment was developed into a comprehensive document that has guided our work over the past twenty four months. This was followed by a survey of the industry which provided us with much needed information about CDC projects, activities, organizational structure, geographical scope, staff size, etc.

NCACDC's programs and services fall into four general categories: 1) organizational and CDC staff development; 2) information and resource dissemination; 3) public policy initiatives; 4) predevelopment lending. NCACDC —

- serves as an information clearinghouse for CDCs;
- provides consultation and training to CDC staff and boards of directors in areas of organizational and project development;
- sponsors a semi-annual Management Institute which provides development opportunities for staff in areas such as grant writing, accounting and staff management;
- operates a Resource Library for CDCs;
- sponsors an annual Community Economic Development Conference;
- administers an industry-wide Health, Life, Dental and Disability Benefits Program for CDC employees;
- provides technical assistance and consultation to CDCs on real estate projects;
- offers real estate development and related trainings;
- manages an Equity and Predevelopment Loan Fund;
- operates a Technology Project designed to promote the use of and access to technology and on-line resources;
- sponsors a 110 hour real estate development training course for new CDC practitioners;

- **Employee Benefits Program:** As part of its membership services, NCACDC administers a fringe benefits package that allows CDCs to provide health, life, dental, and disability insurance at discounted group rates. Approximately 125 individuals from CDCs across North Carolina are covered under this program which helps them attract and retain qualified, professional employees. These services include billing and administration from admission through post-employee separation. We are constantly searching for better, cost effective products and services.

2) Information and Resource Dissemination

- **Information Clearinghouse:** NCACDC serves as an information clearinghouse, publishing quarterly newsletters and news notes and posting information on-line so that CDCs and other interested parties are informed about issues and resources that impact their work. This includes information about funding sources, training opportunities, and public policy updates. Special publications, such as the Guide to Development Consultants, and Welfare Reform: An Information Guide for CDCs and Community -Based Organizations are also published and distributed.
- **Resource Library:** CDCs can access materials and resources through NCACDC's Resource Library. Information contained in the library can also be accessed through NCACDC's Web page. Materials are donated or borrowed, depending upon the nature, and include reference books and updates, resource books, periodicals and other compiled information and referral sources. The library is continually enhanced.

3) Public Policy Initiatives

NCACDC is engaged in public policy initiatives by providing CDCs with information on current policy topics that impact their work. This also involves representing the industry at forums where public policy discussions are taking place and may involve publishing information or sponsoring forums to educate the CDC community on specific issues and to gather feedback from them.

4) Predevelopment Lending

NCACDC manages an Equity and Predevelopment Loan Fund which provides loan capital dedicated to the development of affordable housing, commercial, and industrial development. The fund provides working capital for the early stages of a project, with typical uses being to finance market analysis and feasibility studies, environmental studies, etc. A loan through our Equity and Predevelopment Fund brings with it on-site, individualized technical assistance and consultation related to the real estate project under consideration as well as projects that are planned for the future.

NCACDC PROGRAM HIGHLIGHTS

The North Carolina Community Economic Development Studies Program is a certificate program for CDC practitioners offering 110 hours of real estate development and community economic development training.

The North Carolina Community Economic Development Conference attracts practitioners and CED partners annually from across the state for networking, and offers approximately 16 workshops and training.

Telecommunications Project. Designed to strengthen CDCs in the use of technology by providing free webserver space, web page development, information and on-line resources, an issues forum and bulletin board, Internet training, hardware and software.

Church and CED Project. Designed to educate, train, and assimilate churches and faith-based institutions in community economic development. The goal of the project is to facilitate the creation of partnerships between CDCs and faith based institutions and to encourage greater involvement of these organizations as partners in CED.

Resource Library. This in-house resource library is continually updated with approximately 300 collections and listings. This complements NCACDC's CED Resources, a publication containing over 400 listings of books and resources available to CDCs throughout the industry.

Annual Legislative Day brings CDC practitioners and community residents from across the state to the General Assembly for program activities and appointments with legislators to promote CED and issues that impact low-income residents.

Legislative and Policy Activities include advocacy in the North Carolina General Assembly for funding for operational support for CDCs as well as the promotion of other initiatives that support low-income and distressed communities. State funding for CDCs in North Carolina now totals \$3.8 million.

Technical assistance and free-standing trainings and workshops on topics such as Organizational Development, Fiscal Management, The Role of CDCs in Business Development, The Role of CDCs in Childcare, Market Analysis, Community Organizing, The Development Process, CDC Management, Legal Issues for CDCs, Proposal Writing, Accessing CDC Resources, etc. are designed to build capacity among CDCs.

Publications such as The Guide to Development Consultants and The Role of CDCs in Welfare Reform, quarterly newsletters, and "newsnotes" keep CDCs apprised about industry news, resources, and policy updates. This complements our on-line information distribution network.

The Equity and Predevelopment Loan Fund provides CDCs with equity and predevelopment loans for residential, commercial, and industrial real estate projects as well as for land acquisition.

NCACDC's Free Legal Assistance Program offers members legal assistance at no cost provided by one of the state's leading law firms.

The Employee Benefits Program is administered by NCACDC for CDC employees in the network and provides health, dental, disability, and life insurance for employees and their families at group rates. Other insurance products are also available through NCACDC's network.

NCACDC Staff Job Descriptions

President and CEO - (Full-time). Represents CDCs at forums, meetings, and events and promotes the CDC industry; coordinates and supervises overall work of NCACDC including management of NCACDC staff and consultants; responsible for fundraising, organizational reporting, and organizational development; responsible for membership program development and management; also provides direct services such as training, consultation and individual technical assistance to CDCs and their Boards of Directors. The President and CEO works directly with Board of Directors and coordinates Board activities.

Loan Fund Manager - (Full-time). Coordinates activities of and manages the Equity and Predevelopment Loan Fund; promotes and markets Fund; reviews loan applications and coordinated the work of the Loan Fund Committee; provides project related technical assistance and consultation to CDCs; works with President and CEO on training development and is responsible for training management. The Loan Fund Manager also serves as key staff for some projects.

Church and CED Director - (Full-time). Responsible for program design and implementation for The Church and CED Project. Responsible for full range of program management activities including workshops and trainings. The Church and CED Director also serves as key staff person for some projects.

Fiscal Officer/Insurance Administrator- (Part-time). Responsible for all fiscal functions, activities and recordkeeping and internal fiscal controls of NCACDC including audit preparation and management. Also responsible for administration and management of industry-wide CDC Life, Health, Dental and Disability benefits Program.

Administrative Assistant - (Full-time). Responsible for administrative and clerical functions for organization. Responsible for maintaining organization's files and records. Assists President and CEO in the coordination of all administrative and programmatic functions and activities. Responsible for design, layout and scheduling of all publications. Serves as Coordinator for the Legal Assistance Project which involves case intake, screening, referrals and tracking.

Post-it* Fax Note	7671	Date	# of pages ▶ 2
To <i>Linda</i>	From <i>Rhonda</i>		
Co./Dept.	Co.		

**THE NORTH CAROLINA ASSOCIATION OF
COMMUNITY DEVELOPMENT CORPORATIONS, INC.
1999 PROPOSED BUDGET**

Revenue

Carryover-Estimated	10,000.00
REDC	200,000.00
Other Program Funds	199,575.00

Total Revenue**409,575.00****Expenses****Personnel**

President/CEO	58,422.00
Support Staff	132,798.00
Total Salaries	191,220.00
Fringe Benefits	46,555.00

Total Personnel**237,775.00****Indirect/Non-Personnel**

Building Utilities,Maint.	1,500.00
Equipment Lease/Maint	2,000.00
Office Supplies/Misc	8,500.00
Dues,Subscriptions,Ref.	2,800.00
Postage/Delivery, Equipment	6,500.00
Telephone	12,000.00
Capital Additions	1,000.00

Total Indirect**34,300.00****Direct/Non-Personnel**

Staff Training & Development	6,500.00
Other Member Training	16,000.00
CED Studies	25,000.00
Annual Conference	30,000.00
Printing/Marketing	10,500.00
Staff Travel	6,500.00
Automobile Lease	5,500.00
Board Expenses	4,000.00
Prof. Services/Consultants	20,000.00
Insurance/Bonding	5,000.00
Audit	8,500.00

Total Direct Non-Personnel**137,500.00****Total Direct & Indirect****171,800.00****Total Expenditures****409,575.00****Fund Balance****0.00**

THE NORTH CAROLINA ASSOCIATION OF COMMUNITY DEVELOPMENT CORPO				
REVENUE AND EXPENSE STATEMENT				
FOR THE PERIOD ENDED: March 31, 1998				
	1998		YEAR TO	% to Budget
	BUDGET		DATE	Year-To-Date
Revenue				
Carryover - Estimated	78,000		78,000	100.00%
REDC	200,000		50,000	25.00%
Dues/Membership	16,500		13,350	80.91%
Interest/Self Help Loan Fund	15,000		0	0.00%
Interest/Other	16,000		277	1.73%
Program Funds-Gen	105,000		52,540	50.04%
Total Revenue	430,500		194,167	45.10%
Expenses				
Personnel				
President/CEO	58,422		14,806	25.00%
Support Staff	132,798		29,577	22.27%
Total Salaries	191,220		44,183	23.11%
Fringe Benefits	46,555		10,197	21.90%
Total Personnel	237,775		54,380	22.87%
Indirect/Non-Personnel				
Building Utilities,Maint.	1,500		0	0.00%
Equipment Lease/Maint	2,000		0	0.00%
Office Supplies/Misc	8,500		469	5.51%
Dues,Subscriptions,Ref. Mat.	2,800		96	3.43%
Postage/Delivery Equipment	6,500		529	8.13%
Telephone/Telecomm	12,000		1,925	16.04%
Capital Additions	1,000		0	0.00%
Total Indirect	34,300		3,018	8.80%
Direct/Non-Personnel				
Staff Training	6,500		0	0.00%
Member Training	16,000		10,011	62.57%
CED Studies	25,000		0	0.00%
Annual Conference	30,000		0	0.00%
Printing/Marketing	10,500		1,029	9.80%
Staff Travel	6,500		2,347	36.10%
Automobile Lease	5,500		1,233	22.41%
Board Expenses	4,000		1,473	36.81%
Prof. Service-Legal,Consult,Etc	20,000		3,807	19.04%
Insurance/Bonding	5,000		400	8.00%
Audit	8,500		0	0.00%
Total Direct Non-Personnel	137,500		20,299	14.76%
Total Direct & Indirect	171,800		23,317	13.57%
Total Expenditures	409,575		77,697	18.97%
Fund Balance	20,925		116,470	
Rsv. Acct.-1999 Rent	10,925		10,925	
Adjusted Fund Balance	10,000		105,545	

1999 Scope Of Services

NC Association of Community Development Corporations

The North Carolina Association of Community Development Corporations, Inc. provides community development corporations across the state with resource development and information, predevelopment loans and other lending products, organizational development training, project related training and technical assistance, as well as other resources and information designed to help build the capacity of CDCs. NCACDC will continue to support the work of community economic development statewide in 1998.

First Quarter

During the first quarter of 1999, NCACDC will focus on publishing our training calendar for 1999 and planning training and workshops for the year. This involves securing locations, trainers, consultants, etc. We will also publish our "1998 Highlights" which will highlight the work and accomplishments of our organization for 1998. We will also schedule our newsletters and "newsnotes" publications for the year.

NCACDC staff will have a retreat in January to evaluate current programs and plans for continued improvement and enhancement of these programs and our other activities. This also includes discussion about new programs to introduce in 1999, including NCACDC's Grant Development Center. NCACDC will be hiring an intern to assist with a special component of our Technology Project. This intern will be gathering on-line information and resources for our membership to assist with resource and grant development.

In an effort to strengthen our funding base, NCACDC will continue to seek out other grants as well as opportunities for income generation from some of our services. This fundraising includes funds for our general operation, special projects, as well as for our loan fund.

Second Quarter

During the second quarter of 1999, NCACDC will hold the first of its regional roundtables. These roundtables will be held in three locations across the state in an effort to bring CDCs together to discuss the role of NCACDC and how it can better serve them. This will also give us a better idea of the special needs of CDCs both individually and regionally. This is part of our ongoing Strategic Plan Development that our Board of Directors is currently engaged in.

NCACDC will be following our 1999 work plan with continued trainings and workshops, with a special focus on real estate development training and organizational capacity building. We will also publish updated versions of most of our resource publications such as "The Guide to Consultants", "NCADC Resource Library Directory", "Community Economic Development Resources", and "A Guide to Welfare Reform".

NCACDC will also be updating materials and continue marketing our Resource Library and our Telecommunications Project. We plan to have our on-line chat room fully operational by the second quarter with at least 50% of our membership actively participating. We also plan, by the middle of the second quarter, to have at least 50% of our members(25 organizations) with a web page that is linked to our web site. We will also continue to provide free web-page design, consultation and maintenance to our CDCs as well as begin the first of three regional advanced trainings on the use of the internet.

By April, 1999 NCACDC will have completed all of the regional roundtables, concluding our strategic planning process.

Third Quarter

Early in the third quarter we will be well on our way to preparing the initial draft of the findings from our regional strategic planning roundtables as well as the draft of strategic plan itself. This document will further help us direct and evaluate our work for the remainder of 1999 as well as provide planning guidance for us for the next five years. The final draft should be completed by mid-quarter.

We will also begin preparation for our 1999 Annual Conference, to be held in Durham, NC. This event will provide opportunities for training, resource identification and networking between CDCs and partner organizations. This will also be an opportunity to promote the work of CDCs and educate the wider community about the scope and impact of community economic development.

NCACDC will also begin the preparation of our Annual Report for 1999 which will highlight our work and the work of our member organizations.

Fourth Quarter

During the last quarter of the year, NCACDC will continue to work to develop the capacity of CDCs across the state in ways that have been highlighted earlier, as well as complete special projects. We will also continue the process of establishing new partnerships with government, for-profit and non-profit business leaders to enhance the work that we do.

NCACDC staff will also develop our workplan for 2000.

VISITOR REGISTRATION SHEET

Appropriations Sub Committee On NER
Name of Committee

5-7-98

Date

VISITORS: Please sign below and return to Committee Clerk.

NAME

FIRM OR STATE AGENCY AND ADDRESS

DON BEASON

MCNC

BILL KRESS

MCNC

Rachel Lopez

ENR

Mac Epps

DOC

Stewart Dickinson

DOC

Mike Wilkin

DOC

Linda Gunn

REDC

Bill McNeil

Commerce - DCA

Phil Wilson

Commerce

Laura DeVine

DENR

Jane Smith

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DENR

Asta McNeil

DENR

John Clapp

DOC

Ray Mingo

DOC

Buck Lattimore

INDUSTRIAL Commission

Jean Cawthorne

Rural Center

Bill P. Hall

Rural etc.

Jack Webb

NCDOC / ITS

Tom Nichols

NC DOC

Sharon Alfred Decker

Lynwood Foundation / Wm. States

Lee Leadership
Institute

VISITOR REGISTRATION SHEET

Pg 2

NER

(Approp)

5/7/98

of Committee

Date

VISITORS: Please sign below and return to Committee Clerk.

NAME

FIRM OR STATE AGENCY AND ADDRESS

Russell Hageman

DENR, Div. of Air Quality

Paul VELASKE

'99 SPECIAL olympics world GAMES

Joe Freddoso

'99 Special Olympics World Games

Dr. Leroy T. Walker

'99 Special Olympics World Games

Anne TAYLOR

DENR

Shelle Atchey

OSBM

Johnny Garry

OSBM

J.W. Reel

OSBM

Bill Golden

DENR

Lynne Gerber

NC Global Center

Francis M. Niles Jr.

DENR - DLR - LQS

Bobbie Jo Moore

DENR - DLR

Dor H'Lawhorn

DENR

Andrea Harris

NC/MEP

Amelia Carison

WTC NC Ad Ser.

John Holman

DENR