

Annual Report to the
Environmental Review Commission

**The Dry-Cleaning Solvent
Cleanup Act Program**

October 2003



Superfund Section
Division of Waste Management
www.wastenotnc.org
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DRY-CLEANING SOLVENT CLEANUP ACT ANNUAL REPORT

Executive Summary

As required by the Dry-Cleaning Solvent Cleanup Act (DSCA) of 1997 and amendments (G.S. 143-215.104A *et seq.*), this report provides an annual update on activities conducted in the Dry-Cleaning Solvent Cleanup Act Program in 2003. The DSCA of 1997 and its amendments created a fund for assessment and cleanup of drycleaning solvent environmental contamination at dry-cleaning and wholesale distribution facilities.

Significant progress has been made in all aspects of program implementation. Areas of program development showing the most progress are Prioritization Assessment Agreements, work authorizations, Prioritization Assessments, priority ranking, guidance development, database development, outreach and contracting.

The Department of Environment and Natural Resources (DENR) has identified 152 operating or abandoned drycleaning facilities with environmental contamination by drycleaning solvent. Of these, 85 have voluntarily petitioned for acceptance, and 82 have been certified into the DSCA Program. During 2003, assessment and/or remediation have been authorized at 23 sites and 17 sites have been assigned a priority ranking score.

Currently, the majority of claims against the Fund are for “past costs.” The DSCA Program is authorized to reimburse petitioners for reasonable, necessary and documented costs incurred between October 1997 and June 2001 in certain situations. Petitioners have submitted past cost reimbursement claims for 13 sites totaling \$2,612,290. These claims are currently under review. Once all 13 sites have been ranked as to priority, reimbursements will be made in the order of highest to lowest priority. The cost of the authorized work is \$318,920.60. Of that amount, approximately \$110,000 will exceed site deductibles and will be reimbursed to petitioners.

With the infusion of the sales tax monies, which began in July 2003, DSCA now appears to have sufficient financial resources to assess and clean up the contaminated drycleaning facilities identified to date by DENR. New discoveries will continue to be reported, largely due to property transactions. However, with 14 new sites reported in 2003, if the rate of discovery remains steady, the influx of new sites into the program should not overwhelm the DSCA Fund.

Program Status

The DENR has made significant progress in implementing the DSCA. DENR has solicited input from members of the DSCA Stakeholders Working Group (DSCA Stakeholders) and other interested parties to develop new policies and procedures. This group includes the following:

- ◆ DENR representatives and its attorney from the Department of Justice,

- ◆ Drycleaners from leadership of the North Carolina Association of Launderers and Cleaners,
- ◆ Environmental consultants,
- ◆ Representatives from environmental advocacy organizations,
- ◆ Drycleaners using alternative dry-cleaning technologies,
- ◆ North Carolina State University’s School of Textiles faculty, and
- ◆ Private attorneys representing drycleaners and shopping centers.

A summary of DSCA program status is provided in Table 1 and a discussion of significant achievements follows. Specific areas of discussion include rule making, program development, contracting, work authorizations, prioritization assessments, site priority ranking, database development and outreach.

Table 1. Summary of DSCA Program Status

DSCA Process	Status as of October 1, 2003
Step 1. The drycleaner or property owner petitions DENR for certification.	To date, 85 sites have petitioned for entry into the Program. The main motivating factors for petitioning have been real estate transactions and redevelopment.
Step 2. DENR certifies the site and checks for imminent threats.	Of the 85 sites that have petitioned, 82 sites have been certified into the Program. The 3 sites that have not yet been certified are currently under review. Each petition is reviewed for imminent threats to human health and the environment. Drinking water sources have been identified in proximity to several sites. Evaluation of potential imminent threats has been expedited for these sites.
Step 3. The drycleaner signs an assessment agreement with DENR.	The Prioritization Assessment Agreement (PAA) is a legally binding agreement between DENR and the petitioner that commits the Petitioner to conduct a prioritization assessment (PA) at the site. DSCA has prepared 78 PAAs, of which 71 have been executed.
Step 4. The drycleaner conducts a prioritization assessment.	Following execution of the PAA, petitioners have 30 days to submit a detailed PA work plan and corresponding cost proposal to DSCA for approval. To date, 23 PA proposals have been negotiated and approved; 15 PAs are complete.
Step 5. DENR ranks the site and checks again for imminent threats.	Information collected during the PA is used by DSCA to rank each site in terms of risk to human health and the environment. The DSCA Prioritization Ranking System and supporting database application were developed to efficiently assign priority ranking scores to sites. To date, 17 sites have been prioritized and both higher and lower priority sites have been identified. Monitoring is being conducted of public and private supply wells at several higher priority sites.
Step 6. DENR contracts for comprehensive assessment and cleanup.	After the PA stage is complete and the site is ranked, the drycleaner will typically no longer have to contract for additional site work. DENR will contract directly for site investigation and cleanup using four state-lead environmental and engineering firms. These four firms will be granted initial contracts totaling \$2.4 million.

Rule Making

DENR has been delegated the task of developing proposed rules that establish a risk-based approach to assess, prioritize and clean up dry-cleaning solvent contamination that resulted from releases at certified facilities or abandoned sites. DSCA is developing a two-fold framework to create the risk-based rules. First, there are ongoing discussions with the DSCA Stakeholders. Second, review of risk-based rules developed by other states with drycleaning solvent cleanup programs is taking place. DSCA will begin drafting proposed rules in late fall of 2003.

Program Development

The primary objective of DSCA in 2003 was to fully implement the program. To attain this goal, DSCA staff directed significant energy towards the development of needed policies and procedures. In addition, staff focused on reviewing petitions, determining site eligibility, executing agreements with petitioners, screening sites for imminent hazards, supply well sampling and prioritizing sites for corrective action.

DSCA has created several new procedural forms and guidance documents for use by petitioners and others (e.g., attorneys, developers, environmental consultants.) To reduce resource consumption and optimize customer service, DSCA uses its Web site (www.ncdsca.org) and e-mail as the primary means to deliver program documents to its customers. Procedures, forms and documents that were finalized during 2003 include the following:

- ◆ Prioritization Assessment (PA) Work Plans and Cost Proposals Guidance
- ◆ Prioritization Assessment Agreements (PAAs)
- ◆ Work Authorization Forms
- ◆ Change Order Forms
- ◆ Prioritization Ranking Form (PRF)
- ◆ Prioritization Scoring Letter Form
- ◆ Certification of Cost Forms
- ◆ Disbursement Request Forms
- ◆ Professional Services Rate Table

Work Authorizations

Work plan review has been an especially important and labor intensive task for DSCA during 2003. Guidance was developed in 2002 to assist environmental contractors in developing work plans and cost proposals (proposals) and to streamline DSCA's review. However, work plans submitted to DSCA have required detailed technical and financial review and negotiations with consultants. DSCA has reviewed and approved proposals for assessment or remediation at 23 sites.

At this phase of program development, it is critical that the review process focuses on continuity and consistency in terms of work plan scope and work plan costing. This is

being achieved using a multi-phased approach. Each DSCA project manager reviews work plans for cost effectiveness and technical soundness. The DSCA Program Manager is then responsible for the final review of each authorized work plan. This ensures consistency between project managers and individual projects. The DSCA database has been expanded to allow for input of all work plan costing details. Access to this data helps the DSCA project managers maintain consistency in approved costs. In the future, reasonable rates may be developed from the database. DSCA considers the time devoted to current work plans as essential; decisions made now may well drive future policies.

Prioritization Assessments

DSCA uses information collected during the PA to rank sites in terms of their relative threat to human health and the environment. DSCA has reviewed work plans and issued work authorization for consultants to complete PAs at 23 sites. Additionally, DSCA project managers prepared Prioritization Ranking Forms (PRFs) and ranked 3 sites with files containing sufficient information. To date, 14 PAs have been completed.

Prioritization Assessment Ranking

Environmental contractors are required to report their PA findings in a Prioritization Assessment Report (PAR) and complete a PRF. DSCA uses the PRF to assign a numeric ranking score to each site. Currently, 17 sites are ranked. Both higher and lower priority sites have been identified. DSCA will address sites based on their score and the availability of monies in the DSCA Fund.

Contracting

DSCA made progress toward establishing state-lead contracts for environmental services in 2003. The State Building Commission approved DSCA to award four contracts in November 2002. These four firms will be granted initial contracts totaling \$2.4 million. Contract negotiations are currently in progress and contracts should be in place by January 2004.

Database Application

DSCA has invested significant time and effort to develop and refine its database/GIS application. Rapid application development techniques have been used to ensure DSCA's ability to manage data is flexible and can grow with the program. Technical and financial information has been entered into the database. Its programmatic tracking and reporting applications are frequently revised to respond to changing information management needs.

Major improvements in 2003 focused on refining the database so that it could track project account details. Reporting capabilities include project status, planned site actions, site deductibles, costs applied toward the deductible, past cost reimbursements, invoices, payments, work authorized on a per cost basis, and change orders.

Outreach

DENR continues its outreach efforts to educate drycleaners about the Minimum Management Practices Rules (15A NCAC 2S) and DSCA procedures and policies. DSCA staff have spoken at North Carolina Association of Launderers and Cleaners (NCALC) and local Korean drycleaners association meetings. DSCA has published several articles in the NCALC newsletters in an effort to reach all drycleaners in North Carolina. Outreach efforts have also been made to shopping mall owners, environmental service providers and the legal community.

DSCA uses its web address, www.ncdsca.org, to provide programmatic information, guidance documents, applicable laws, rules and downloadable forms to assist the public and the regulated community.

Finally, DSCA has continued its association with dry-cleaning programs in other states through its participation in the State Coalition for the Remediation of Drycleaners. This work group is sponsored by the EPA's Technology Innovation Office. DSCA has benefited greatly from this organization by learning from the experiences of other states.

Annual Report Elements Required by G.S. 143-215.104U

(1) DRY-CLEANING SOLVENT CONTAMINATION REPORTED TO THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

DSCA maintains files and a database inventory of 152 sites that are contaminated by drycleaning solvent. This number represents all drycleaning solvent releases known to DENR, assuming other agencies have forwarded notices of release to DSCA. However, it has been estimated that over 900 contaminated current or former dry cleaning sites exist in North Carolina. Table 2 provides a list, by county, of all sites contaminated with dry cleaning solvent. A total of 14 new drycleaning solvent releases were reported to DSCA in 2003. The new reports appear to have resulted from real estate transactions and redevelopment projects.

(2) SITES CERTIFIED BY THE COMMISSION

DSCA must review a petition and the site file to determine if the site and the petitioner meet the statutory criteria for certification into the Program. Of the 85 sites that have petitioned for Program entry, 82 have been certified into the Program. The three sites that have not yet been certified have newly received petitions that are currently under review. The certified sites, along with the dates of certification, are shown in Table 2.

Table 2. Sites with Drycleaning Solvent Contamination

DSCA ID	Site Name	Petitioned	Certified	Agreement	Prioritized
ALAMANCE COUNTY (2)					
001-0001	DELUXE CLEANERS AND LAUNDRY				
001-0002	WORKMAN PROPERTY				
BRUNSWICK COUNTY (2)					
010-0001	TOWN GATE CLEANERS	7/25/01	1/10/02	10/11/02	
010-0002	LOVE CLEANERS, INC.	10/20/02	10/30/02	11/20/02	9/ 9/03
BUNCOMBE COUNTY (1)					
011-0001	SWANNANOVA LAUNDRY	8/31/01	11/ 2/01	3/25/03	
BURKE COUNTY (1)					
012-0001	FERREE CLEANERS	8/22/03			
CABARRUS COUNTY (1)					
013-0001	FULLER SUPPLY COMPANY	11/ 1/02	12/17/02	5/ 7/03	
CARTERET COUNTY (1)					
016-0001	COASTAL DRY CLEANERS	7/24/02	7/18/02	4/21/03	
CLEVELAND COUNTY (1)					
023-0001	FOLKS DRY CLEANERS	1/ 2/02	2/ 6/02	1/30/03	6/19/03
CUMBERLAND COUNTY (4)					
026-0001	MAYFLOWER LAUNDRY AND DRY	6/28/02	9/16/02	12/19/02	
026-0002	EASY WASH DRY CLEANERS				
026-0003	SMITTY'S CLEANERS				
026-0004	KORE-O-MAT LAUNDROMAT	3/27/02	5/15/02	4/ 2/03	
DAVIE COUNTY (1)					
030-0001	FALLIES DRY CLEANING				
DURHAM COUNTY (8)					
032-0001	ONE HOUR KORETIZING				
032-0002	PLANTS UNLIMITED				
032-0003	TRIANGLE SQUARE CLEANERS	8/16/01	1/10/02	3/17/03	
032-0004	EAKES CLEANERS				
032-0005	AMERICAN DRY CLEANERS	6/28/02	9/26/02	5/30/03	
032-0006	AMERICAN DRYCLEANERS				
032-0007	MODEL LAUNDRY				
032-0008	W.P. BALLARD	11/ 5/01	1/23/02	10/24/02	
FORSYTH COUNTY (11)					
034-0001	CAMEL CITY CLEANERS				
034-0002	SHORES CLEANERS				
034-0003	A CLEANER WORLD				
034-0004	HOOKER FURNITURE				
034-0005	KLEAN RITE CLEANERS				
034-0006	YOUNG CLEANERS				
034-0007	CAMELOT CLEANERS	6/28/02	9/23/02	4/ 1/03	
034-0008	HOUR GLASS CLEANERS	6/17/02	8/15/02	10/11/02	6/11/03
034-0009	SMITH DRY CLEANERS	10/18/02	12/17/02		
034-0010	C AND S CLEANING SERVICES				
034-0011	CAMELOT CLEANERS	3/25/02	5/14/02	12/10/02	3/11/03
GASTON COUNTY (2)					
036-0001	UNTZ DRYCLEANERS - SUPERFUND'S NATIONAL PRIORITY LIST				
036-0002	CARSONS DRYCLEANERS				
GRANVILLE COUNTY (1)					
039-0001	OXFORD DRY CLEANERS				

Table 2. Sites with Drycleaning Solvent Contamination Continued

DSCA ID	Site Name	Petitioned	Certified	Agreement	Prioritized
<i>GUILFORD COUNTY (18)</i>					
041-0001	CLEANER IMAGE	10/16/02	12/16/02		
041-0002	CINDERELLA CLEANERS				
041-0003	U.S. \$1.75 CLEANERS	5/21/02	8/21/02	3/ 5/03	
041-0004	COLUMBIA LAUNDRY CORP				
041-0005	DUTCH CLEANERS				
041-0006	EASTGATE CLEANERS	11/ 8/02	9/ 3/02	12/16/02	
041-0007	MASTER KLEEN	6/26/02	10/25/02	2/21/03	
041-0008	A CLEANER WORLD	6/24/02	11/ 4/02	3/26/03	
041-0009	EVERHART DRY CLEANERS	11/30/01	12/ 6/01	1/ 6/03	6/ 9/03
041-0010	GLAM-O-RAMA				
041-0011	O HENRY CLEANERS				
041-0012	STOKESDALE FIRE DEPARTMENT				
041-0013	BANNER LAUNDRY				
041-0014	MASTER KLEEN CLEANERS	7/ 6/01	12/ 6/01	11/18/02	
041-0015	A CLEANER WORLD				
041-0016	\$2.50 PRO CLEANERS				
041-0017	PREMIER CLEANERS	4/24/03	6/ 6/03	6/24/03	
041-0018	DRY CLEAN AMERICA	2/27/03	3/24/03	4/16/03	
<i>HENDERSON COUNTY (2)</i>					
045-0001	BLUE RIDGE CLEANERS				
045-0002	VILLAGE ONE HOUR CLEANERS	10/18/01	9/19/02		
<i>IREDELL COUNTY (2)</i>					
049-0001	SMITHS DRY CLEANERS				
049-0002	JOHNSON CLEANERS, INC.	1/14/02	1/25/02	8/ 5/03	
<i>LINCOLN COUNTY (1)</i>					
055-0001	LINCOLN CLEANERS	1/ 9/02	7/17/02	11/26/02	
<i>MARTIN COUNTY (1)</i>					
059-0001	WILLIFORD CLEANERS				
<i>MCDOWELL COUNTY (1)</i>					
056-0001	NICHOLS LAUNDRY AND DRY CLEANING				
<i>MECKLENBURG COUNTY (31)</i>					
060-0001	A CLEANER WORLD				
060-0002	AMERICAN DRY CLEANER				
060-0003	CROSSROADS DRY CLEANERS				
060-0004	MINUTE MAN CLEANERS	5/10/02	6/13/02	1/ 6/03	6/11/03
060-0005	MITCHELLS FORMAL WEAR WAREHOUSE	6/28/02	10/ 1/02	2/10/03	8/13/03
060-0006	PEOPLES CLEANERS				
060-0007	QUAIL DRY CLEANERS	3/25/03	4/24/03	8/ 5/03	
060-0008	SNO-WHITE CLEANERS AND LAUNDERERS	6/28/02	9/26/02	6/ 9/03	
060-0009	SPRINGFRESH CLEANER				
060-0010	BOGGS AND COMPANY		12/ 2/02	5/21/03	8/28/03
060-0011	SNO-WHITE CLEANERS	6/28/02	10/25/02	5/30/03	
060-0012	DOMESTIC LAUNDRY	2/11/02	2/21/02	4/ 1/03	
060-0013	CUNNINGHAM CLEANERS				
060-0014	ONE PRICE DRYCLEANING	3/27/02	4/26/02	1/ 6/03	
060-0015	CARRIAGE FINE DRY CLEANING				
060-0016	60 MINUTE CLEANERS	7/ 1/02	1/30/03		
060-0017	GATEWAY VILLAGE DEVELOPMENT				
060-0018	SUDS N DUDS				
060-0019	CUNNINGHAM CLEANERS				
060-0020	HOME DEPOT				
060-0021	HEARTS DRY CLEANERS	8/29/02	10/25/02	6/ 9/03	

Table 2. Sites with Drycleaning Solvent Contamination Continued

DSCA ID	Site Name	Petitioned	Certified	Agreement	Prioritized
MECKLENBURG COUNTY (contd)					
060-0022	RAINBOW CLEANERS				
060-0023	PRESTOWN LAUNDRY AND CLEANERS	8/16/01	12/ 6/01	2/21/03	
060-0024	60 MINUTE CLEANERS	10/ 8/01	12/21/01	12/16/02	
060-0025	HO CLEANERS	10/ 3/01	12/11/01	12/16/02	
060-0026	SNO-WHITE CLEANERS	1/25/02	4/26/02	12/19/02	
060-0027	CHARLIE BROWNS DRY CLEANERS				
060-0028	SHARON CLEANERS	3/15/02	7/ 2/02	4/ 8/03	
060-0029	ABRA COSTUMES	4/29/03	5/ 6/03	5/14/03	6/ 4/03
060-0030	VILLAGE CLEANERS	6/11/03	7/14/03	7/23/03	
060-0031	SNO-WHITE CLEANERS	8/26/03			
MOORE COUNTY (4)					
063-0001	PINEHURST HOTEL CLEANERS	8/24/01	12/21/01	1/ 7/03	
063-0002	CARTERS FABRICARE				
063-0003	CARTERS LAUNDRY AND CLEANING	3/25/02	5/ 7/02		
063-0004	SOAPY BUBBLES	8/30/02	9/24/02	12/16/02	
NASH COUNTY (2)					
064-0001	CLEAN-CLEAN DRY CLEANERS				
064-0002	CLEAN-CLEAN DRY CLEANERS				
NEW HANOVER COUNTY (5)					
065-0001	MODERN DRY CLEANERS AND LAUNDRY	1/ 3/03	6/ 9/03		
065-0002	COASTAL DRY CLEANERS	6/26/02	11/ 8/02	2/ 7/03	
065-0003	COASTAL DRY CLEANERS AND COIN				
065-0004	COASTAL DRY CLEANERS	6/28/02	11/ 8/02	2/12/03	
065-0005	WILLIAMS CLEANERS	12/ 7/01	12/17/01	2/12/03	
ONslow COUNTY (5)					
067-0001	ABC ONE HOUR CLEANERS - SUPERFUND'S NATIONAL PRIORITY LIST				
067-0002	SOUTHERN CLEANERS AND LAUNDRY	12/20/01	5/ 2/02	11/14/02	6/11/03
067-0003	COASTAL DRY CLEANERS				
067-0004	COASTAL DRY CLEANERS				
067-0005	VILLAGE CLEANERS	5/21/02	6/24/02	11/18/02	
ORANGE COUNTY (3)					
068-0001	KSP CLEANERS	10/19/01	2/ 6/02	3/25/03	6/ 5/03
068-0002	AMERICAN DRY CLEANERS				
068-0003	DELUXE CLEANERS	6/10/03	7/11/03	9/23/03	
PASQUOTANK COUNTY (1)					
070-0001	SOUTHGATE KORETIZING	5/ 6/02	6/14/02	2/12/03	6/23/03
PITT COUNTY (5)					
074-0001	KORETIZING CLEANERS				
074-0002	AYDEN PLAZA				
074-0003	BETTER LOOK GARMENT CARE				
074-0004	BOWEN CLEANERS	8/ 8/03	8/28/03		
074-0005	BOWEN CLEANERS	7/21/03			
POLK COUNTY (1)					
075-0001	BROCKS CLEANERS	10/22/01	1/28/02	2/27/03	
RANDOLPH COUNTY (1)					
076-0001	HILLSIDE LAUNDROMAT				
ROBESON COUNTY (1)					
078-0001	STEVENS DRY CLEANERS				
ROWAN COUNTY (2)					
080-0001	SHUPING CLEANERS	12/17/02	1/10/02	5/ 6/03	
ROWAN COUNTY (2)					
080-0002	AVALON CLEANERS				

Table 2. Sites with Drycleaning Solvent Contamination Continued

DSCA ID	Site Name	Petitioned	Certified	Agreement	Prioritized
SURRY COUNTY (1)					
086-0001	MODERN LAUNDRY AND DRY CLEANERS	7/22/02	9/16/02	11/18/02	
WAKE COUNTY (24)					
092-0001	PRO CLEANERS	8/17/01	12/13/01	11/20/02	
092-0002	SHERRILLS DRY CLEANERS				
092-0003	RAINBOW CLEANERS AND LAUNDRY	6/28/02	9/26/02	5/30/03	
092-0004	MEDLIN-DAVIS CLEANERS	4/22/03	4/29/03	5/14/03	
092-0005	DJ CLEANERS	8/12/03	8/14/03	9/ 2/03	
092-0006	HILKERS CLEANERS	3/21/02	6/12/02	2/27/03	
092-0007	BROTHERS CLEANERS	12/ 7/01	1/23/02	7/10/03	
092-0008	JOHNSONS DRY CLEANERS	1/10/02	5/ 6/02	4/ 2/03	
092-0009	KNIGHTDALE CLEANERS				
092-0010	FULLER SUPPLY COMPANY				
092-0011	MEDLIN-DAVIS CLEANERS	11/21/01	2/ 6/02	7/ 3/03	
092-0012	NEWTONS CLEANERS	6/28/02	12/12/01	8/14/03	
092-0013	MEDLIN-DAVIS CLEANERS	6/28/02	12/12/01	8/14/03	
092-0014	GLAM-O-RAMA CLEANERS	2/12/02	2/27/02		
092-0015	EMPORIUM CLEANERS	2/20/02	3/28/02	10/24/02	
092-0016	NEW HOPE CLEANERS AND TAILORS	4/ 8/02	5/17/02	3/31/03	
092-0017	BROTHERS CLEANERS	8/23/02	9/12/02	11/ 7/02	
092-0018	ACE DRY CLEANERS	6/28/02	1/30/03	2/27/03	
092-0019	SANITARY LAUNDRY	8/ 9/02	10/ 8/02		
092-0020	SHERRILL'S DRY CLEANING AND	3/13/03	4/ 7/03	4/24/03	
092-0021	T AND J CLEANERS	3/31/03	4/22/03	6/19/03	
092-0022	MEDLIN DAVIS CLEANERS	4/ 2/03	4/21/03	5/14/03	
092-0023	POPES DRY CLEANERS	8/13/03	9/24/03		
092-0024	BROTHERS CLEANERS				
WAYNE COUNTY (1)					
096-0001	PENNY DRY CLEANERS				
WILSON COUNTY (4)					
098-0001	KORETIZING CLEANERS	4/15/02	5/21/02	2/ 6/03	
098-0002	DISCOUNT CLEANERS	4/15/02	7/19/02		
098-0003	EXCLUSIVE CLEANERS				
098-0004	EXCLUSIVE CLEANERS				
TOTALS: 152 Identified Contaminated Sites		84	82	71	12

Data from these petitions have been compiled to evaluate general site characteristics. A summary is presented in Table 3. The majority of the petitioners are property owners (63), as opposed to drycleaner business owners/operators (37). Of the sites that applied, 68 percent have been abandoned.

Table 3. DSCA Site Statistics

Petition Status	Number	Percent of Total
Sites Petitioned in Program	85	----
Sites Certified	82	97
Sites Pending Certification	3	3
<i>Site Classification</i>		
Abandoned	56	67
Wholesale Distribution	2	2
Operating	23	27
Undetermined	3	4
<i>Size Distribution of Operating Sites</i>		
Small Size (1-4 employees)	7	30
Medium Size (5 - 9 employees)	8	35
Large Size (> 10 employees)	8	35
<i>Distribution and Classification of Petitions ¹</i>		
Property Owners	68	64
Dry Cleaning Business Owners/Operator	39	36

(3) COST ESTIMATE FOR ASSESSMENT AND REMEDIATION OF CERTIFIED SITES

Comprehensive assessment and cleanup at certified sites is pending as sites are prioritized and contracts with state-lead contractors are executed. Therefore, there is no reason to revise the cost estimates from previous annual reports. For the purpose of estimating, it is assumed that 30 percent of sites that enter the program will require active cleanup and that the remainder will require monitored natural attenuation prior to risk-based closure. An active remedy is estimated to require a capital outlay of approximately \$300,000 and operating costs of \$50,000 annually after the first year. Natural attenuation demonstrations and groundwater monitoring for sites where a less active remedy is warranted are estimated to cost \$50,000 per year.

Actual site costs are anticipated to vary widely from site to site. Costs will vary depending on site geology, age of release, the chemical nature of the solvents released, and threats posed to potential receptors. However, there is an annual spending cap of \$200,000 per site unless they pose an imminent threat to public health. In these cases, annual expenditures are capped at \$400,000 per site.

DSCA’s efforts to control costs have been quite successful. Project cost control measures are applied at the beginning of site work in the PA stage. Since every DSCA site must have a PA to be ranked, it is important that these cost control measures be applied

¹ Reflects multiple petitioners for some sites.

effectively. DSCA reviews, negotiates and pre-approves all proposals. Staff analyze proposed costs using their professional knowledge and experience. They also compare proposals using DSCA's cost tracking database. DSCA also refers to cost control policies developed by the Underground Storage Tank Section for general guidance. All proposals are required to provide sufficient detail (e.g., unit costs, subcontractor bids) to allow for an effective pre-approval review.

Thus far, the cost of a PA appears to average about \$13,000. This figure falls within the \$10,000 to \$15,000 range DENR originally estimated for these initial assessments. This cost typically includes soil sampling, installation of three to four monitoring wells, a thorough receptor survey, and preparation of the PA Report and Prioritization Ranking Form.

(4) RECEIPTS AND DISBURSEMENTS FOR THE FUND

The primary funding sources for the dry-cleaning solvent cleanup fund are a tax on dry-cleaning solvents and, beginning in July 2003, the state portion of the current sales tax on dry-cleaning. The DSCA Fund's finances through August 2003 are summarized below:

Collections FY 97-98	\$ 474,717.47
Collections FY 98-99	\$ 927,004.50
Collections FY 99-00	\$ 968,993.09
Collections FY 00-01	\$ 863,772.16
Collections FY 01-02	\$1,061,298.70
Collections FY 02-03	\$1,076,826.57
Collections YTD (8/03)	\$2,330,693.82
Total Collections as of September 2003	\$7,703,306.31
Less Dept. of Revenue Expenses (all years)	\$ 13,986.10*
Less Contractor Expense	\$ 490.00
Fund Balance	\$7,688,830.21
DENR Administrative Allowance	\$1,960,323.27
Balance for Assessment and Cleanup of Sites	\$5,728,506.94

* This represents the actual amount charged by the Department of Revenue for its expenses. The Department of Revenue is authorized to charge no more than \$125,000 per year by DSCA.

(5) CLAIMS AGAINST THE FUND

There are two types of claims against the DSCA Fund. The majority of claims come from petitioners that incurred past investigative/remedial costs in response to an order or notice of violation from DENR prior to DSCA implementation. Reasonable, necessary and documented costs in excess of \$50,000, incurred from October 1, 1997 through June 30, 2001, are reimbursable. Thirteen petitioners submitted claims for reimbursement of past cost expenditures totaling \$2,612,290.79. As per DSCA, claims will be paid in order

of site priority. Payout for past cost claims is limited by DSCA to 10 percent of the DSCA Fund's income in the previous year.

In addition, the law allows petitioners to apply past costs toward the site's deductible in some circumstances. Fifteen petitioners submitted claims for application toward their site's deductible totaling \$336,948.99.

The second type of claim against the DSCA Fund is for approved costs for site work which exceed the site's deductible. To date, 23 sites have at least one authorized work plan for site work. The total amount authorized to date is \$318,920.60. Of the 23 sites with authorized work, six have approved costs that exceed the site's deductible and will require payout from the DSCA Fund. It is estimated that this payout will not exceed \$115,000.

In 2003, DSCA created the infrastructure to support accurate and timely reimbursement payments to petitioners and/or environmental consultants for costs incurred which exceed the site's deductible. Three reimbursement checks have been issued to date and other invoices are currently under review.

(6) RECOMMENDATIONS TO ASSURE THE SOLVENCY OF THE FUND

The DENR has no recommendations regarding fund solvency at this time. Prior to passage of statutory amendments to the DSCA in 2000 (S.L.2000-19), it was clear that the fund balance was inadequate to address all of the dry-cleaning sites in the state. However, with the passage of the DSCA Amendments that established a second funding mechanism, the General Assembly took the most important step necessary to assure future fund solvency. With the infusion of the sales tax monies, which began July 2003, DSCA now appears to have sufficient financial resources to assess and remediate the contaminated drycleaning facilities on a priority basis.

The Fiscal Note on the DSCA Amendments (S.L. 2000-19) anticipated that the funding mechanisms would provide the fund with \$8 million to \$10 million annually. This estimate has been borne out by our first quarter 2003 installment of sales tax of \$2,159,258.40. As a direct result, the DSCA Program is solvent.

It is of interest to note that other state dry-cleaning solvent cleanup programs are examining sales tax earmarking funding mechanisms, similar to that employed by the North Carolina General Assembly in the DSCA Amendments (S.L. 2000-19) to ensure their state fund's solvency.