

Annual Report to the
Environmental Review Commission
North Carolina General Assembly

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

October 2004



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 DSCA Program in 2004. 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, Assessment and Remediation Agreements, work authorizations, Prioritization Assessments, priority ranking, contracting, guidance development, database development and outreach.

The Department of Environment and Natural Resources (DENR) has identified 169 operating or abandoned drycleaning facilities with environmental contamination by drycleaning solvent. Of these, 99 have voluntarily petitioned for acceptance, and 95 have been certified into the DSCA Program. Prioritization Assessment Agreements have been executed for 79 sites and 44 sites have been prioritized.

The majority of claims against the Fund to date have been 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. Previously, the DSCA Program could only reimburse up to 10 percent of the previous fiscal year's revenue credited toward the Fund. However, on July 1, 2004 Senate Bill 1219 was signed into law by the Governor increasing the percentage that could be used for past cost claims from 10 percent to 25 percent. This also allows the DSCA Program to reimburse up to \$200,000 per site during FY 2004-05 for all eligible costs from past cost claims. Eligible costs above \$200,000 will be reimbursed during FY 2005-06. Reimbursement of these claims commenced during May 2004 beginning with sites of highest priority.

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 17 new sites reported in 2004, 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. Participants in the DSCA Stakeholders include the following:

- ◆ DENR representatives and its attorneys 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 site status is provided in Table 1. Specific areas of discussion include program development, risk-based rule development, reimbursement of past-cost claims, state-lead contracts, Assessment and Remediation Agreements, Prioritization Assessment Agreements, prioritization assessments, prioritization of sites, database development and outreach.

Table 1. DSCA Program Site Status

<p>Step 1. The drycleaner or property owner petitions DENR for certification.</p>	<p>To date, 99 sites have petitioned for entry into the Program. The main motivating factors for petitioning have been real estate transactions and redevelopment.</p>
<p>Step 2. DENR certifies the site and checks for imminent threats.</p>	<p>Of the 99 sites that have petitioned, 95 sites have been certified into the Program. The four sites that have not yet been certified are currently under review.</p> <p>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.</p>
<p>Step 3. The drycleaner signs an assessment agreement with DENR.</p>	<p>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 executed 79 PAAs. Beginning in September 2004, the PAA will be replaced by an Assessment and Remediation Agreement that covers all phases of work at a site including the prioritization assessment. All work done under these agreements will be performed by environmental contractors hired by DENR.</p>

<p>Step 4. The drycleaner conducts a prioritization assessment.</p>	<p>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, 73 PA proposals have been negotiated and approved. Beginning in September 2004, all new prioritization assessments will be performed by environmental contractors hired by DENR. Petitioners will be billed by DSCA for site deductible costs after the costs have been incurred.</p>
<p>Step 5. DENR ranks the site and checks again for imminent threats.</p>	<p>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, 44 sites have been prioritized.</p>
<p>Step 6. DENR contracts for comprehensive assessment and cleanup.</p>	<p>In August 2004, DENR executed contracts with four state-lead environmental contractors to perform site assessment and remediation. These four firms have been granted three-year contracts totaling \$2.4 million. Following execution of the Assessment and Remediation Agreements with the petitioners beginning in September 2004, all DSCA assessment and remediation work will be performed by these state-lead contractors.</p>

Program Development

The primary objective of DSCA in 2004 was to continue working toward full implementation of the program. To attain this goal, DSCA staff directed significant energy towards the development of supporting policies, procedures, and guidance. To reduce resource consumption and optimize customer service, DSCA uses its web site (www.ncdsc.org) and e-mail as the primary means to deliver program documents to its customers. As in the previous year, DSCA staff continued reviewing petitions, determining site eligibility, executing prioritization assessment agreements, screening sites for imminent hazards, supply well sampling and prioritizing sites.

Specifically, progress was achieved in the following areas:

- ◆ Risk-Based Rule Development
- ◆ Past-Cost Reimbursement
- ◆ State-Lead Contracts
- ◆ Assessment and Remediation Agreement
- ◆ Prioritization Assessment Agreements
- ◆ Prioritization Assessments
- ◆ Prioritization of Sites
- ◆ Database Application
- ◆ Outreach

Risk-Based Rule Development

DENR has been delegated the task of developing 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. During the past year, the DSCA Program has evaluated risk-based programs that have been established in other states. It was discovered that many states have hired independent consultants who specialize in risk analysis and training to help the states develop their rules and implementation guidance. These consultants also develop customized spreadsheets that perform the risk calculations necessary to determine site-specific, risk-based cleanup levels. By hiring a risk consultant to assist in rulemaking, the DSCA Program would benefit from the expertise and authority of experienced professionals who have performed this work for other regulatory agencies. The DSCA Program intends to solicit bids through DENR's Purchase and Services Section in October 2004 to hire a firm to assist in rulemaking and guidance development. Once a contract is executed (presumably in November 2004), development of draft rules will commence.

A small subgroup consisting of select members from the DSCA Stakeholder Working Group was formed to review and comment on draft rules and related documents as they are developed. Individuals selected for the subgroup represent a cross-section of interested parties (dry-cleaners, consultants, attorneys, property owners and university faculty).

Past-Cost Reimbursement

The majority of claims against the Fund to date have been 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. After subtracting the required \$50,000 deductible for each site, a total of \$1.96 million could potentially be reimbursed for all necessary and reasonable costs pursuant to Section 2.(a) of House Bill 1062 (Session Law 2001-265).

Previously, the DSCA Program could only reimburse up to 10 percent of the previous fiscal year's revenue credited toward the Fund. In FY 2002-03, \$1.08 million was credited toward the Fund. Pursuant to House Bill 1062, the total amount that could be reimbursed during FY 2003-04 was \$108,000 (ten percent of the previous year's revenue). This amount was reimbursed to the highest prioritized site in May 2004.

On July 1, 2004, Senate Bill 1219 was signed into law by the Governor increasing the percentage that could be used for past cost claims from 10 percent to 25 percent. This bill also allows the DSCA Program to reimburse up to \$200,000 per site during FY 2004-05 for all eligible costs from past cost claims. Eligible costs above \$200,000 per site will be reimbursed during FY 2005-06. Reimbursement of these claims commenced during July 2004 beginning with sites of highest priority.

State-Lead Contracts

In July 2004, DENR executed contracts with four environmental engineering firms to perform state-lead assessment and remediation at DSCA sites. The contracts total \$2.4 million with a term of three years. These contractors will begin performing prioritization assessments for new sites and comprehensive assessments for higher priority sites in September 2004.

Assessment and Remediation Agreement

An Assessment and Remediation Agreement that will be executed by the DSCA Program and petitioners for certified sites was developed during 2004 and is currently under final review. This agreement will encompass all phases of site work (prioritization and comprehensive assessments and remedial action) and will allow DSCA to direct all work using its state-lead contractors. These agreements will be issued to petitioners in September 2004.

Prioritization Assessment Agreements

As stated above, Prioritization Assessment Agreements (PAAs) will be phased out beginning in September 2004 and will be replaced by Assessment and Remediation Agreements. During the past year, eight PAAs were executed. Co-petitioner PAAs were also executed for sites that have more than one petitioner. The co-petitioners then receive the same liability protection as granted to the primary petitioner with respect to the assessment and remediation of the site.

Prioritization Assessments

Work plans are required by the DSCA Program from environmental contractors that propose to conduct work at certified dry-cleaning contamination sites. If the work is authorized by the DSCA project manager, the cost of the work is eligible for application toward the site deductible or for reimbursement from the Trust Fund if the deductible has been met.

The majority of work approved during 2004 was site prioritization assessments. This is the first phase of work performed following site certification. To date site prioritization has been the responsibility of the petitioner. The PAA requires that the petitioner contract an environmental consultant to perform a prioritization assessment within 30 days of executing this agreement. DSCA staff reviewed and approved proposals for work at 50 sites in 2004.

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 and approval of each authorized work plan. This ensures consistency between project managers and individual projects.

As previously stated, beginning in September 2004 all work at DSCA sites will be assigned to the four state-lead contractors. For sites that had been issued a PAA prior to this date, DSCA will allow the petitioner to hire their own environmental contractor to perform the prioritization assessment. In order to accommodate the added prioritization work as well as comprehensive assessments, DSCA may solicit bids for additional state-lead contractors as early as October 2004.

A prioritization assessment guidance document that details the necessary scope for this work phase is currently under final review and should be released in September 2004. A standard reporting format for prioritization assessments is also under development and is anticipated to be released by November 2004.

Prioritization of Sites

Environmental contractors are required to report their prioritization assessment findings in a Prioritization Assessment Report (PAR) and also to complete a prioritization ranking form (PRF). DSCA uses the PRF to assign a numeric ranking score to each site. Currently, 44 sites have been ranked. The numeric ranking score assigned to each site allowed DSCA staff to categorize the site as either “higher” or “lower” priority. This prioritization is required by statute so that available funds are obligated to higher priority sites first.

After review of completed prioritization scores, DSCA staff concluded that these rankings did not in all cases accurately reflect the specific risk posed to potential receptors at the sites. As a result, DSCA developed a new priority scoring system that was based on the threat of contamination to nearby receptors such as supply wells and surface water. The new scoring system assigns a score that corresponds to the specific receptor that is being threatened. For example, a score of “1.2” indicates that “an active domestic drinking water supply well is impacted or immediately threatened by the release and that the user has no access to another public or private water supply.” DSCA staff can immediately know what actual or potential hazard exists at a site based simply on its score. If multiple sites are assigned the same score, then DSCA staff evaluate other factors such as magnitude of contamination in determining priority order. All 44 prioritized sites have been re-evaluated using the new prioritization system and the sites have been ordered in terms of priority. The DSCA staff will present the results of the new prioritization system to the DSCA Stakeholders in September 2004.

Database Application

The DSCA Program has invested significant time and effort to develop and refine its database/GIS application. Rapid application development techniques have been used to ensure its ability to manage data is flexible and can grow with the program. Technical and financial information has been entered into the database. The programmatic tracking

and reporting applications are frequently revised to respond to changing information management needs.

Major improvements in 2004 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.

To improve outreach to Korean drycleaners, in September 2004 DSCA will secure the services of a Korean graduate student from Duke University to serve as an intern for the DSCA Program. This intern, Mr. YongJin Kim, will be totally funded by the Korean Government through Duke's International Development Policy Program. Mr. Kim has been employed for the past 20 years with the Korean Ministry of Environment. Mr. Kim will work on developing guidance for both minimum management practices and the DSCA cleanup program for the Korean community. He is expected to start work on September 1, 2004. His internship will end on May 31, 2005.

DSCA also 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 169 sites that are contaminated by dry-cleaning solvent. This number represents all dry-cleaning 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 17 new dry-cleaning solvent releases were reported to DSCA in 2004. 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 99 sites that have petitioned for Program entry, 95 have been certified into the Program. The four sites that have not yet been certified are 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	7/25/2001	1/10/2002	10/11/2002	3/2/2004
010-0002	LOVE CLEANERS, INC.	10/20/2002	10/30/2002	11/20/2002	9/9/2003
BUNCOMBE COUNTY (2)					
011-0001	SWANNANOVA LAUNDRY	8/31/2001	11/2/2001	3/25/2003	11/14/2003
011-0002	QUORUM KNITTING	2/11/2004			
BURKE COUNTY (1)					
012-0001	FERREE CLEANERS	8/22/2003			
CABARRUS COUNTY (1)					
013-0001	FULLER SUPPLY COMPANY	11/1/2002	12/17/2002	5/7/2003	
CARTERET COUNTY (1)					
016-0001	COASTAL DRY CLEANERS	7/24/2002	7/18/2002	4/21/2003	
CLEVELAND COUNTY (1)					
023-0001	FOLKS DRY CLEANERS	1/2/2002	2/6/2002	1/30/2003	6/19/2003
CUMBERLAND COUNTY (4)					
026-0001	MAYFLOWER LAUNDRY AND DRY CLEANING	6/28/2002	9/16/2002	12/19/2002	5/3/2004
026-0002	EASY WASH DRY CLEANERS				
026-0003	SMITTYS CLEANERS				
026-0004	KORE-O-MAT LAUNDROMAT	3/27/2002	5/15/2002	4/2/2003	
DARE COUNTY (1)					
028-0001	SPEEDY WASH				
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	8/16/2001	1/10/2002	3/17/2003	
032-0004	EAKES CLEANERS				
032-0005	AMERICAN DRY CLEANERS	6/28/2002	9/26/2002	5/30/2003	
032-0006	AMERICAN DRYCLEANERS				
032-0007	MODEL LAUNDRY	4/26/2004	4/26/2004		
032-0008	W.P. BALLARD	11/5/2001	1/23/2002	10/24/2002	2/2/2004

DSCA ID	Site Name	Petitioned	Certified	Agreement	Prioritized
<i>FORSYTH COUNTY (14)</i>					
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	6/28/2002	9/23/2002	4/1/2003	
034-0008	HOUR GLASS CLEANERS	6/17/2002	8/15/2002	10/11/2002	3/23/2004
034-0009	SMITH DRY CLEANERS	12/17/2003	12/17/2002	6/29/2004	
034-0010	C AND S CLEANING SERVICES				
034-0011	CAMELOT CLEANERS	3/25/2002	5/14/2002	12/10/2002	3/11/2003
034-0012	A CLEANER WORLD	5/19/2004	5/24/2004		
034-0013	A CLEANER WORLD #161, PEACE HAVEN	7/9/2004	7/20/2004		
034-0014	CAMEL CITY CLEANERS - REYNOLDA ROAD				
<i>GASTON COUNTY (3)</i>					
036-0001	UNTZ DRYCLEANERS - NPL SITE				
036-0002	CARSONS DRYCLEANERS				
036-0003	DE-LUX CLEANERS	5/3/2004			
<i>GRANVILLE COUNTY (1)</i>					
039-0001	OXFORD DRY CLEANERS				
<i>GUILFORD COUNTY (18)</i>					
041-0001	CLEANER IMAGE	10/16/2002	12/16/2002	1/7/2004	
041-0002	CINDERELLA CLEANERS				
041-0003	U.S. \$1.75 CLEANERS	2/17/2004	2/17/2004	3/12/2004	6/22/2004
041-0004	COLUMBIA LAUNDRY CORP				
041-0005	DUTCH CLEANERS				
041-0006	EASTGATE CLEANERS	11/8/2002	9/3/2002	12/16/2002	5/3/2004
041-0007	MASTER KLEEN	6/26/2002	10/25/2002	2/21/2003	9/17/2003
041-0008	A CLEANER WORLD	6/24/2002	11/4/2002	3/26/2003	2/5/2004
041-0009	EVERHART DRY CLEANERS	11/30/2001	12/6/2001	1/6/2003	6/9/2003
041-0010	GLAM-O-RAMA				
041-0011	O HENRY CLEANERS				
041-0012	STOKESDALE FIRE DEPARTMENT				
041-0013	BANNER LAUNDRY				
041-0014	MASTER KLEEN CLEANERS	7/6/2001	12/6/2001	11/18/2002	10/16/2003
041-0015	A CLEANER WORLD				
041-0016	\$2.50 PRO CLEANERS				
041-0017	PREMIER CLEANERS	4/24/2003	6/6/2003	6/24/2003	
041-0018	DRY CLEAN AMERICA	2/27/2003	3/24/2003	4/16/2003	

DSCA ID	Site Name	Petitioned	Certified	Agreement	Prioritized
HENDERSON COUNTY (2)					
045-0001	BLUE RIDGE CLEANERS				
045-0002	VILLAGE ONE HOUR CLEANERS	10/18/2001	9/19/2002		
IREDELL COUNTY (3)					
049-0001	SMITHS DRY CLEANERS				
049-0002	JOHNSON CLEANERS, INC.	1/14/2002	1/25/2002	8/5/2003	
049-0003	BROOKDALE CLEANERS	1/12/2004	1/15/2004	1/31/2004	
LENOIR COUNTY (1)					
054-0001	VICKS CLEANERS	8/16/2004	8/17/2004		
LINCOLN COUNTY (1)					
055-0001	LINCOLN CLEANERS	1/9/2002	7/17/2002	11/26/2002	
MARTIN COUNTY (1)					
059-0001	WILLIFORD CLEANERS				
MCDOWELL COUNTY (1)					
056-0001	NICHOLS LAUNDRY AND DRY CLEANING				
MECKLENBURG COUNTY (33)					
060-0001	A CLEANER WORLD				
060-0002	AMERICAN DRY CLEANER				
060-0003	CROSSROADS DRY CLEANERS				
060-0004	MINUTE MAN CLEANERS	5/10/2002	6/13/2002	1/6/2003	6/11/2003
060-0005	MITCHELLS FORMAL WEAR WAREHOUSE	6/28/2002	10/1/2002	2/10/2003	8/13/2003
060-0006	PEOPLES CLEANERS				
060-0007	QUAIL DRY CLEANERS	3/25/2003	4/24/2003	8/5/2003	5/20/2004
060-0008	SNO-WHITE CLEANERS AND LAUNDERERS	6/28/2002	9/26/2002	6/9/2003	
060-0009	SPRINGFRESH CLEANER				
060-0010	BOGGS AND COMPANY	2/17/2004	12/2/2002	3/12/2004	8/28/2003
060-0011	SNO-WHITE CLEANERS	6/28/2002	10/25/2002	5/30/2003	
060-0012	DOMESTIC LAUNDRY	2/11/2002	2/21/2002	4/1/2003	
060-0013	CUNNINGHAM CLEANERS				
060-0014	ONE PRICE DRYCLEANING	3/27/2002	4/26/2002	1/6/2003	
060-0015	CARRIAGE FINE DRY CLEANING				
060-0016	60 MINUTE CLEANERS	7/1/2002	1/30/2003		
060-0017	GATEWAY VILLAGE DEVELOPMENT				
060-0018	SUDS N DUDS				
060-0019	CUNNINGHAM CLEANERS				
060-0020	HOME DEPOT				
060-0021	HEARTS DRY CLEANERS	8/29/2002	10/25/2002	6/9/2003	
060-0022	RAINBOW CLEANERS				
060-0023	PRESTOWN LAUNDRY AND CLEANERS	8/16/2001	12/6/2001	2/21/2003	
060-0024	60 MINUTE CLEANERS	10/8/2001	12/21/2001	12/16/2002	
060-0025	HO CLEANERS	10/3/2001	12/11/2001	12/16/2002	2/3/2004
060-0026	SNO-WHITE CLEANERS	1/25/2002	4/26/2002	12/19/2002	10/1/2003
060-0027	CHARLIE BROWNS DRY CLEANERS				

DSCA ID	Site Name	Petitioned	Certified	Agreement	Prioritized
MECKLENBURG COUNTY (cont.)					
060-0028	SHARON CLEANERS	3/15/2002	7/2/2002	4/8/2003	
060-0029	ABRA COSTUMES	4/29/2003	5/6/2003	5/14/2003	6/4/2003
060-0030	VILLAGE CLEANERS	6/11/2003	7/14/2003	7/23/2003	
060-0031	SNO-WHITE CLEANERS	8/26/2003	3/10/2004	4/30/2004	
060-0032	EASTWAY QUICK CLEAN SERVICE	2/16/2004	2/23/2004	3/9/2004	4/7/2004
060-0033	JONES DRY CLEANERS				
MOORE COUNTY (4)					
063-0001	PINEHURST HOTEL CLEANERS	8/24/2001	12/21/2001	1/7/2003	
063-0002	CARTERS FABRICARE				
063-0003	CARTERS LAUNDRY AND CLEANING	3/25/2002	5/7/2002		
063-0004	SOAPY BUBBLES	8/30/2002	9/24/2002	12/16/2002	
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	1/3/2003	6/9/2003		
065-0002	COASTAL DRY CLEANERS	6/26/2002	11/8/2002	2/7/2003	
065-0003	COASTAL DRY CLEANERS AND COIN LAUNDRY				
065-0004	COASTAL DRY CLEANERS	6/28/2002	11/8/2002	2/12/2003	
065-0005	WILLIAMS CLEANERS	12/7/2001	12/17/2001	2/12/2003	1/22/2004
ONslow COUNTY (5)					
067-0001	ABC ONE HOUR CLEANERS - NPL				
067-0002	SOUTHERN CLEANERS AND LAUNDRY	12/20/2001	5/2/2002	11/14/2002	6/11/2003
067-0003	COASTAL DRY CLEANERS				
067-0004	COASTAL DRY CLEANERS				
067-0005	VILLAGE CLEANERS	5/21/2002	6/24/2002	11/18/2002	6/22/2004
ORANGE COUNTY (4)					
068-0001	KSP CLEANERS	10/19/2001	2/6/2002	3/25/2003	6/5/2003
068-0002	AMERICAN DRY CLEANERS				
068-0003	DELUXE CLEANERS	6/10/2003	7/11/2003	9/23/2003	
068-0004	SCOTT AND ROBERTS DRY CLEANERS	6/3/2004	8/9/2004		
PASQUOTANK COUNTY (1)					
070-0001	SOUTHGATE KORETIZING	5/6/2002	6/14/2002	2/12/2003	6/23/2003
PITT COUNTY (5)					
074-0001	KORETIZING CLEANERS				
074-0002	AYDEN PLAZA				
074-0003	BETTER LOOK GARMENT CARE				
074-0004	BOWENS CLEANERS	11/5/2003	8/28/2003	12/18/2003	
074-0005	BOWEN CLEANERS	7/21/2003			
POLK COUNTY (1)					
075-0001	BROCKS CLEANERS	10/22/2001	1/28/2002	2/27/2003	
RANDOLPH COUNTY (1)					
076-0001	HILLSIDE LAUNDROMAT				

DSCA ID	Site Name	Petitioned	Certified	Agreement	Prioritized
ROBESON COUNTY (1)					
078-0001	STEVENS DRY CLEANERS				
ROWAN COUNTY (2)					
080-0001	SHUPING CLEANERS	12/17/2002	1/10/2002	5/6/2003	1/8/2004
080-0002	AVALON CLEANERS				
RUTHERFORD COUNTY (1)					
081-0001	CONE MILLS				
SURRY COUNTY (1)					
086-0001	MODERN LAUNDRY AND DRY CLEANERS	7/22/2002	9/16/2002	11/18/2002	11/10/2003
WAKE COUNTY (28)					
092-0001	PRO CLEANERS	8/17/2001	12/13/2001	11/20/2002	
092-0002	SHERRILLS DRY CLEANERS				
092-0003	RAINBOW CLEANERS AND LAUNDRY	6/28/2002	9/26/2002	5/30/2003	
092-0004	MEDLIN-DAVIS CLEANERS	4/22/2003	4/29/2003	5/14/2003	
092-0005	DJ CLEANERS	8/12/2003	8/14/2003	9/2/2003	
092-0006	HILKERS CLEANERS	3/21/2002	6/12/2002	2/27/2003	
092-0007	BROTHERS CLEANERS	12/7/2001	1/23/2002	7/10/2003	
092-0008	JOHNSONS DRY CLEANERS	1/10/2002	5/6/2002	4/2/2003	1/14/2004
092-0009	KNIGHTDALE CLEANERS				
092-0010	FULLER SUPPLY COMPANY	2/2/2004	2/11/2004		
092-0011	MEDLIN-DAVIS CLEANERS	11/21/2001	2/6/2002	7/3/2003	6/2/2004
092-0012	NEWTONS CLEANERS	6/28/2002	12/12/2001	8/14/2003	1/20/2004
092-0013	MEDLIN-DAVIS CLEANERS	6/28/2002	12/12/2001	8/14/2003	1/20/2004
092-0014	GLAM-O-RAMA CLEANERS	2/12/2002	2/27/2002		
092-0015	EMPORIUM CLEANERS	2/20/2002	3/28/2002	10/24/2002	10/10/2003
092-0016	NEW HOPE CLEANERS AND TAILORS	4/8/2002	5/17/2002	3/31/2003	
092-0017	BROTHERS CLEANERS	8/23/2002	9/12/2002	11/7/2002	10/7/2003
092-0018	ACE DRY CLEANERS	6/28/2002	1/30/2003	2/27/2003	6/24/2004
092-0019	SANITARY LAUNDRY	8/9/2002	10/8/2002		
092-0020	SHERRILL'S DRY CLEANING AND LAUNDRY	3/13/2003	4/7/2003	4/24/2003	
092-0021	T AND J CLEANERS	3/31/2003	4/22/2003	6/19/2003	5/28/2004
092-0022	MEDLIN DAVIS CLEANERS	4/2/2003	4/21/2003	5/14/2003	3/4/2004
092-0023	POPES DRY CLEANERS		9/24/2003		
092-0024	PLEASANT VALLEY CLEANERS	2/2/2004	4/7/2004	8/11/2004	
092-0025	HILKERS CLEANERS	3/15/2004	3/29/2004		
092-0026	IDEAL CLEANERS				
092-0027	EAGLE CLEANERS	3/25/2004	3/30/2004		
092-0028	JOY CLEANERS	5/20/2004	8/11/2004		
WAYNE COUNTY (1)					
096-0001	PENNY DRY CLEANERS				

DSCA ID	Site Name	Petitioned	Certified	Agreement	Prioritized
WILSON COUNTY (5)					
098-0001	KORETIZING CLEANERS	4/15/2002	5/21/2002	2/6/2003	
098-0002	DISCOUNT CLEANERS	4/15/2002	7/19/2002	5/7/2004	7/23/2004
098-0003	EXCLUSIVE CLEANERS				
098-0004	EXCLUSIVE CLEANERS				
098-0005	FRIENDLY CLEANERS				
TOTALS: 169 Identified Contaminated Sites		98	95	79	39

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 (79), as opposed to drycleaner business owners/operators (49). Of the sites that applied, 60 percent are abandoned sites.

Table 3. DSCA Site Statistics

Petition Status	Number	Percent of Total
Sites Petitioned in Program	99	----
Sites Certified	95	96
Sites Pending Certification	4	4
<i>Site Status</i>		
Sites with Executed Agreements	79	-
Sites Prioritized	44	56
<i>Site Classification</i>		
Abandoned	60	60
Wholesale Distribution	2	2
Operating	35	35
Undetermined	2	2
<i>Size Distribution of Operating Sites</i>		
Small Size (1-4 employees)	11	31
Medium Size (5 - 9 employees)	10	29
Large Size (> 10 employees)	14	40
<i>Distribution and Classification of Petitions</i> ¹		
Property Owners	79	62
Dry Cleaning Business Owners/Operator	49	38

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

Actual costs to assess and remediate DSCA sites are anticipated to vary widely from site to site. Factors influencing costs include site geology, age of release, the chemical nature of the solvents released and the threats posed to potential receptors. However, an annual spending cap of \$200,000 per site is applied by statute unless contamination at a site poses an imminent threat to public health. In these cases, annual expenditures are capped at \$400,000 per site.

Based on costs figures provided by other states, DSCA can calculate an approximate total cleanup cost for those sites that have been certified into the program. The 95 certified sites can be divided into four groups based on priority with higher priority sites having higher cleanup costs. Based on these assumptions, the total projected cost to remediate these sites is approximately \$25 million.

DSCA's efforts to control costs have been quite successful. Project cost control measures are applied at the beginning of site work in the prioritization assessment stage. Since every DSCA site must have a prioritization assessment to be ranked, it is important that these cost control measures be applied effectively. DSCA reviews, negotiates and pre-approves all proposals. Staff analyze proposed costs using their professional knowledge and experience. DSCA also refers to cost control policies developed by the Underground

¹ Reflects multiple petitioners for some sites.

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. Beginning in September 2004, unit costs allowed for work performed by the state-lead contractors will be in accordance with the rates established in each firm's contract.

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 receptor survey, and preparation of the Prioritization Assessment 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 for FY 2003-04 (through June 30, 2004) 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 FY 03-04	\$9,487,233.94 *
Revenue (all years)	\$13,706,545.94
Interest	\$ 1,153,300.49
Total Collections	\$14,859,846.43
Dept. of Revenue Expenses	\$ 22,100.42 **
Cleanup Expenses	\$ 149,136.58
DENR Administrative Expenses	\$ 1,140,621.93
Fund Balance	\$13,547,987.50

* The significant increase in collections during FY 03-04 compared to previous years is due to the addition of the sales tax on dry-cleaning revenue.

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

(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 was originally limited by DSCA to 10 percent of the DSCA Fund's income in the previous year, however, Senate Bill 1219 increased this to 25 percent of the DSCA's Fund's previous year's revenue.

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, 73 sites have at least one authorized work plan for site work. The total amount authorized to date is \$610,718.10. Of this total amount, approximately \$235,000.00 will exceed the sites' deductibles and will be reimbursed to the petitioners.

(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. As noted above, total collections for FY 2003-04 were approximately \$9.5 million. Therefore, the DSCA Program is solvent.