

Special Meeting
Mount Holly City Council
November 4, 1993

This special meeting was called to order by Mayor Charles B. Black, Jr. at 7:00 P.M. Those present were Mayor Pro-Tem Archie Small and Councilmembers Lib Nichols, Phyllis Harris, Bob Jessen, J. C. Little and Jim Hope. Also present were City Manager Phil Ponder, City Attorney Kemp Michael, Public Works Director Eddie Nichols and W. K. Dickson engineer John McGlaughlin.

The invocation was led by Mayor Pro-Tem Archie Small.

The purpose of this meeting was to discuss a proposed agreement between the City of Mount Holly and the Jadco-Hughes Steering Committee regarding groundwater remediation at the Jadco-Hughes site on Cason Street. Staff reviewed the proposed agreement in detail. The following executive summary details the specifics of the agreement:

**EXECUTIVE SUMMARY
CITY OF MOUNT HOLLY/JADCO-HUGHES STEERING COMMITTEE
GROUNDWATER REMEDIATION AGREEMENT**

Prepared by Kemp A Michael, City Attorney

PURPOSE OF THE AGREEMENT:

From 1971 until 1975 a six acre tract located on Cason Street south of the city limits of Mount Holly was leased from the John Fite family to C. A. Hughes, Inc. The site at that time was used for solvent recovery and waste chemical distillation. In 1975 Jadco, Inc. took over operation of the site and operated the site until August, 1975. In 1975 the State of North Carolina filed a court action to stop operations on the site. During operation of the site, barrels of chemicals leaked into the soil contaminating the groundwater. According to the best information available, all containers have been removed from the site except for containers that hold soil dug from the ground in the course of drilling a series of test wells.

At the present time, the site is subject to a proceeding before the United States Environmental Protection Agency whereby some 27 major corporations have accepted liability to remediation contaminated groundwater located upon the site. In order to remediate the groundwater, the responsible parties (the "Steering Committee:") must either: (1) treat the groundwater drawn from wells on the site and discharge the treated groundwater directly into Fites Creek or (2) pretreat the groundwater drawn from wells on the site to acceptable limits and discharge to a public owned

treatment works (POTW). After considerable study by our engineers, our staff and our City Council, it has been concluded that discharging directly into Fites Creek would not be environmentally desirable. Therefore the City Council has indicated its willingness to study the potential impact on our POTW if we should choose to accept pretreated groundwater from the site.

The City Council has instructed its engineers, attorney, and staff to prepare a proposed Agreement which provides for a study of the impact of accepting pretreated groundwater. This study called a "Headworks Analysis" would provide the data necessary to determine how much pretreatment would be required upon the site before the treated groundwater could be discharged to Mount Holly's POTW. According to the Agreement, if the Steering Committee agrees to pretreat the groundwater to the extent required by the City, then the City will issue a Sewer Use Permit setting the limits of each pollutant allowed in the discharge and limits regarding the number of gallons per day to be discharged. Once such a permit is issued, the arrangement between the Steering Committee and the City of Mount Holly would continue until the site is remediated in accordance with federal and state regulations. It is estimated that this remediation effort could take, in the worse case, 30 years to complete.

SEQUENCE OF EVENTS:

1. Upon signing the Agreement, the Headworks Analysis will be performed and its results will be provided to the parties. The city will be paid \$30,000.00 upon signing the contract for legal and engineering costs. The City will then prepare a proposed Sewer Use Permit ("Permit") using a format required by the State of North Carolina for all industries located in Mount Holly which have a pretreatment program. If the Steering Committee and the City do not agree upon a proposed Permit within 30 days, either party may terminate the Agreement. If a Permit is agreed upon between the parties, then it must be submitted to the State of North Carolina. Thereafter, any changes required by the State will be reviewed by the parties and if unacceptable, either party may terminate the Agreement. If the Permit is acceptable to both parties, then the City will issued the same to the Steering Committee. Upon issuance of the final Permit, an additional \$10,000.00 will be payable for legal and engineering costs.

2. Upon issuance of the Permit, \$450,000.00 will be immediately paid to City and design and construction will begin on a sewer line to be extended along Cason Street to the site. All costs associated with the engineering and construction will

be paid by the Steering Committee out of other funds which will be held in escrow by the City during construction. Following construction of the sewer extension, the City shall be paid a final payment of \$450,000.00. Therefore, total compensation to the City will be \$900,000.00 and the costs of constructing the sewer line will be borne by the Steering Committee out of other funds.

3. Upon issuance of the Permit, the Steering Committee will construct upon the site its pretreatment facility. Upon completion of the pretreatment facility, discharge will begin to our POTW. Throughout the term of this Agreement, the City will be paid sewer use charges which at the same rate as charged to the other industrial users outside the city limits or 250% of the then rate charged to industrial users located within the city limits whichever is less. The Permit will provide for the frequency of monitoring and the Steering Committee will reimburse the City the actual cost of analyzing the samples.

PROTECTION OF OUR POTW:

The Steering Committee must comply at all times with the City's Sewer Use Ordinance and amendments thereto and the terms of its Permit. The sewer Use Ordinance may be amended any time by the City as required by the State of North Carolina. The Permit to the Steering Committee will be for an initial term of five years and will be renewable each five years thereafter. Any violation of the Sewer Use Ordinance or its Permit by the Steering Committee will result in enforcement procedures contained in our Sewer Use Ordinance. Enforcement actions are the same as available by the City regarding any other industrial users. There will be a control manhole for monitoring purposes upon the site at a location which shall be always accessible to City. Also, there will be an emergency control device which will allow the Steering Committee's local operator the ability to cut off the flow of groundwater in the event of a malfunction in the pretreatment facility. Also, the Environmental Protection Agency will continue to exercise jurisdiction over the site and the Steering Committee will continue to make reports of their activities to EPA.

FUTURE DEVELOPMENTS:

The Agreement provides that the City will allow certain discharges of pretreated pollutants to our POTW within limits established in the initial Permit. These limits establish maximum gallons of flow as well as maximum concentrations of pollutants. Under the terms of the Agreement, these limits, once established in the initial Permit, will not be decreased by the
