

DRAFT

May 18, 2015

Jones Lang LaSalle
4201 Congress Street, Suite 300
Charlotte, North Carolina 28209

Attention: Mr. John Cashion
Managing Director

Re: Environmental Summary
Rite Aid Facility
Former Charlotte Army Missile Plant
1776 Statesville Ave.
Charlotte, NC
H&H Job No. JLL-002

Dear John:

1.0 Introduction

As requested, Hart & Hickman, PC (H&H) has prepared this environmental summary for the Rite Aid distribution facility located at 1776 Statesville Ave. in Charlotte. This summary is based upon our review of publically available documents and our direct knowledge of the adjacent Hercules Industrial Park property. This document provides a brief history of the site, results of previous environmental assessment activities, and summarizes the Brownfields process which is a potential means to address the environmental impacts at the site.

2.0 Site History

The Rite Aid facility is approximately 37 acres and contains three main buildings and a number of smaller buildings that are used primarily for warehousing and distribution. The northernmost building at the site was developed in approximately 1924 and was initially used for the manufacture of Model T Fords until approximately the 1930s. The Rite Aid property, the Hercules Industrial Park property to the north, and the MV Tryon property to the east were used by the United States government as a storage depot from the early 1940s to the mid 1950s and then for the production of Hercules missiles from the mid 1950s to the late 1960s. A figure showing the location of the Rite Aid property and adjacent Hercules Industrial Park and MV Tryon properties are indicated in Figure 1. The missile production facility was known as the Charlotte Army Missile Plant (CAMP).

The CAMP facility included six main buildings referred to as Buildings 1 through 6. CAMP Buildings 1, 4, and 5 are located on the Rite Aid property, CAMP Buildings 2 and 3 are located on the Hercules Industrial Park property, and CAMP Building 6 is located on the MV Tryon property. Activities conducted at the missile facility included metal working, plating, degreasing, painting, assembly, wastewater treatment, assembly, and shipping of missiles. On the Rite Aid property, Building 1 was used as a machine shop/process plant, Building 4 was used for storage and offices, and Building 5 was used for die casting and cleaning.

Since the 1960s, the Rite Aid property has been used for warehousing and distribution.

3.0 Environmental Assessment

3.1 Former CAMP Assessment and Remediation

In 1996, the Army Corps of Engineers (COE), on behalf of the United States Department of Defense, requested access from the owners of the Rite Aid and Hercules Industrial Park properties to investigate and remediate possible contamination related to historical government operations. Environmental investigations and remediation planning have been conducted at the Rite Aid and Hercules Industrial Park properties from 1996 to present. Results of these activities generally indicate the following:

- The primary compounds of concern at the CAMP site are the chlorinated solvent trichloroethene (TCE) and its degradation products. The COE concluded that TCE is the result of historical governmental operations conducted at the site.
- The primary source area for groundwater impacts at the CAMP site is at the eastern end of CAMP Building 1 located on the Rite Aid site. Apparently, a process pit where degreasing and chromium plating were performed was located in this area. In the most recent sampling conducted in 2012, the highest concentration of TCE was 14,000 µg/l off the east side of CAMP Building 1 on the Rite Aid property versus the North Carolina groundwater standard of 3 µg/l. The approximate extent of groundwater impacts on the Rite Aid property is depicted in Figure 1.
- Groundwater flow from the Rite Aid site is to the north-northwest to the adjacent Hercules Industrial Park property. There are also sources of groundwater impacts on the Hercules property including a former process pit in CAMP Building 2 and a former wastewater treatment plant east of CAMP Building 2.

- The results of the COE investigations indicate no complete exposure pathways for surface or subsurface soil at the CAMP site (a complete exposure pathway is one in which there is a reasonable potential that human or environmental receptors could be exposed to compounds at levels of concern). As such, the COE determined that no soil remediation is warranted at the CAMP site. However, please note that no soil samples have been collected by the COE from below the Rite Aid buildings for analysis. Therefore, it is possible that soil impacts are present below the site buildings that have not been assessed.
- The COE also evaluated potential vapor intrusion into buildings from underlying impacted ground water. The results of the evaluation indicated that vapor intrusion was not a concern for current use of the site buildings for commercial/industrial purposes.
- No complete exposure pathways were identified for impacted ground water; however, ground water impacts do exceed North Carolina groundwater standards. Thus, the COE evaluated groundwater remediation alternatives in a Feasibility Study (FS) prepared in 2004.
- As a result of the FS, the COE initially chose to actively remediate groundwater at the CAMP site using a technique called in-situ chemical oxidation. In this process, chemical oxidants are injected into the ground which chemically destroy the compounds to harmless by-products.
- In 2005 and 2006, the COE conducted a pilot test of the planned chemical oxidation to determine the effectiveness of the remediation technique and to select design parameters for full scale implementation. The results of the pilot test indicated that the chemical oxidation was generally successful and effective in reducing compound concentrations in groundwater.

- The COE recently performed a revised evaluation of remedial alternatives and indicated that they planned to modify the remedial alternative for the groundwater impacts to monitored natural attenuation. The COE is in the process of addressing DENR and Stakeholder comments associated with the revised remedial approach.

3.2 Former Underground Storage Tanks

It appears that 12 former petroleum underground storage tanks (USTs) were located at the site associated with CAMP Building 1, Building 4, Building 5, and the boiler house. There are two separate release incidents associated with the USTs. Incident No. 7617 was reported in 1990 and is associated with 11 USTs that contained heating oil, gasoline, or diesel fuel. Further assessment of the USTs occurred in 2005 and the release incident was closed out in 2011. Incident No. 20520 is associated with a heating oil UST release that was reported in 1998. The release incident was closed out in 1999.

4.0 Brownfields

We understand that Rite Aid will likely be vacating the site in the near future and that the property will be for sale. Although the Department of Defense is responsible for the contamination at the site, potential purchasers may want to obtain additional protections for the environmental impacts through a Brownfields agreement with the North Carolina Department of Environment and Natural Resources (DENR). Brownfields agreements can be obtained for properties that have actual or perceived contamination, that are abandoned or under-utilized, and for party that has a bona fide interest in buying or selling a property as long as they did not cause or contribute to the contamination. Based upon our extensive experience, we believe that the Rite Aid property would be eligible for a Brownfields agreement. As a matter of note, a Brownfields agreement was obtained for the adjacent Hercules Industrial Park property when it was sold in 2007.

In the Brownfields program, a Prospective Developer (as it is referred to in the legislation) and DENR enter into an agreement which provides for State liability protection for cleanup of identified soil, groundwater, or other impacts in exchange for making the site safe for its future intended use. Making the site safe for its intended use is typically accomplished by implementing site land use restrictions (i.e., restriction on groundwater usage) and engineering controls (such as capping impacted soil) and not through remediation. In addition to the Prospective Developer, North Carolina General Statutes at 130A 310.33 (Liability Protection) indicate that any future owner of the property, occupants of the facility, a successor or assign, and any lender or fiduciary are also provided liability protection for contamination at the property (provided that they did not cause or contribute to contamination). DENR oversees these Brownfields activities and ensures that the site is safe for its intended use. In addition, please note that there is a property tax deferral for improvements made to a Brownfields property which can be significant if there is redevelopment at the site. The property tax deferral is on a declining scale over a five-year period beginning with the year after eligible improvements are made (90% deferral the first year, 70% the second year, 50% the third year, 30% the fourth year, and 10% the fifth year).

The following general steps are typically performed for a Brownfields Agreement:

1. submission of a Brownfields eligibility application
2. DENR review of previous reports and request for additional assessment
3. completion of Brownfields site assessment activities requested by DENR
4. issuance of a Draft Brownfields Agreement from DENR
5. negotiation of the Brownfields Agreement
6. completion of a Brownfields site survey and plat preparation
7. negotiation of the Final Brownfields Agreement language and ancillary documents
8. 30-day public comment period
9. issuance of the Final Brownfields Agreement
10. recordation of the Brownfields Agreement and survey plat with the property deed

The standard Brownfields agreement process usually takes approximately 12 to 18 months to complete. However, transactions involving Brownfields sites are often done during the Brownfields process including after eligibility (typically 30-45 days from submittal), after the Brownfields assessment activities are performed (typically 4-8 months from eligibility), once a draft Brownfields agreement is obtained (typically 6-10 months from eligibility), or once the Brownfields agreement is agreed upon and is in public comment (typically 8-14 months from eligibility). Please note that DENR does have an expedited Brownfields process in which an agreement can be completed in 4-8 months but the DENR fees are increased from \$8,000 for the standard process to \$30,000 for the expedited process.

Below are estimated rough costs associated with obtaining a Brownfields agreement.

Task	Rough Cost	Notes
Eligibility Application	\$2,000 - \$3,000	
Brownfields Assessment	\$15,000 - \$25,000	Although significant assessment has been conducted by the COE, the DENR Brownfields program may request additional assessment such as vapor intrusion assessment and/or soil sampling below the buildings
Brownfields Agreement Negotiation Assistance	\$2,000-\$3,000	
Surveyor Costs for Brownfields Plat	\$10,000-\$15,000	Costs may be reduced if there is an existing survey plat or one is prepared as part of the sale of the property
Public Notice	\$5,000-\$7,000	
DENR Brownfields Fees	\$8,000	\$2,000 initial fee and \$6,000 at time of final agreement. Note that expedited program fee is an additional \$22,000 (\$8,000 + \$22,000 = \$30,000)
Legal Fees		May want to consult with attorney for costs to assist in review and negotiation of Brownfields agreement
	\$42,000-\$61,000	Estimated Costs – DENR Standard Program
	\$64,000-\$83,000	Estimated Costs – DENR Expedited Program

Mr. John Cashion

May 18, 2015

Page 8

5.0 Summary

In summary, groundwater impacts are present at the Rite Aid property which are related to former use of the property for missile production by the United States government. The United States government has taken responsibility for assessment and remediation of contamination related to their former operations at the site. The results of assessment activities indicate that the primary groundwater impacts are located in the northeastern portion of the Rite Aid site. Evaluation conducted by the COE indicates that there are no complete exposure pathways for contamination identified at the site. Prospective purchasers of the property may want to consider obtaining a Brownfields agreement for the site for further liability protection for the site impacts and for the potentially significant property tax reduction benefits.

We appreciate the opportunity to assist with this project. Should you have any questions or need additional information, please do not hesitate to call me at (704) 586-0007.

Very truly yours,

Hart & Hickman, PC

A handwritten signature in black ink, appearing to read "Steve Hart", with a large, stylized flourish extending from the end of the signature.

Steve Hart, PG
Principal

