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Provided below is the status of the Moore Square South and Moore Square East properties' participation in the NC Brownfields Program and information on the environmental conditions of the two properties. Moore Square South is subject to a Brownfields Agreement recorded on August 26, 2014. Moore Square East was enrolled in the NC Brownfields Program on July 10, 2013, but a Brownfields Agreement was not finalized. At the discretion of a prospective developer, an agreement could be completed for Moore Square East.

MOORE SQUARE SOUTH - BROWNFIELDS STATUS AND ENVIRONMENTAL CONDITIONS

BROWNFIELDS STATUS

The City of Raleigh entered into a Brownfields Agreement, BPN 17034-13-092, with the NC Department of Environmental Quality (DEQ) on August 26, 2014, for the Moore Square South property. The Brownfields Agreement is favorable and allows for a variety of future uses, including commercial/office, industrial and residential. The Brownfields Agreement also provides important benefits including liability protection from DEQ in the form of a covenant not to sue, and future improvements made at the property can qualify for a valuable reduction in both city and county property taxes. Moreover, the Brownfields Agreement runs with the land and its benefits accrue to follow-on owners/developers, tenants, lenders, and other stakeholders. These benefits are described in more detail below.

No predevelopment cleanup is required, and the Brownfields Agreement relies on administrative land use restrictions and engineering controls to allow the property to be repurposed safely. Use of the property as a playground, child-care center, school or park would require DEQ pre-approval. The Brownfields Agreement prohibits groundwater use, requires an annual compliance certification by the owner and imposes certain other obligations.

ENVIRONMENTAL CONDITIONS

The 0.92-acre Moore Square South property consists of three land parcels with street address of 228 and 230 E. Martin Street and 225 E. Davie Street as listed in Table 1 and shown on the survey plat included with the Brownfields Agreement. Moore Square South is located in downtown Raleigh and is bordered by a series of lots to the west and further west by Blake Street, E. Martin Street to the north, S. Person Street to the east and E. Davie Street to the south. Moore Square South is located directly to the south of the Moore Square public park.

Moore Square South is currently used as a parking lot. The property was developed as early as circa 1890 and past uses, according to the Brownfields Agreement, have included dry cleaning facilities, service stations, auto repair shops, residential and a variety of other uses. The City of Raleigh has owned the 228 and 230 E. Martin Street parcels since 1989 and the 225 E. Davie Street parcel since 1995.

As summarized in the Brownfields Agreement, contamination at Moore Square South includes hazardous substances in groundwater at levels that exceed 15A NCAC 02L .0202 Groundwater Standards established for unrestricted use and human consumption. Arsenic and benzo(a)pyrene were found in soil above residential exposure guidelines. It should be noted that the arsenic, while above DEQ's guidelines, was at levels

considered to be naturally occurring. The benzo(a)pyrene, which is a common fuel combustion byproduct often found in urban settings, was measured in a single sample above DEQ's guideline set for residential site use, but not above the commercial/industrial guideline. Otherwise, environmental assessment of Moore Square South did not indicate significant or widespread impacts to soil that would be expected to materially interfere with the property's redevelopment. (See Table 2 for a list of reports and documents.)

MOORE SQUARE EAST - BROWNFIELDS STATUS AND ENVIRONMENTAL CONDITIONS

BROWNFIELDS STATUS

The City of Raleigh enrolled the Moore Square East property in the NC Brownfields Program in July 2013 (see attached enrollment application and DEQ *Letter of Eligibility*) to help facilitate and support its redevelopment. A Brownfields Agreement has not been finalized with DEQ considering the pending sale of Moore Square East and specific redevelopment plans by the new owner/developer, but it is a viable candidate brownfields redevelopment site.

The new owner/developer purchaser may choose to pursue a Brownfields Agreement with DEQ. This would entail providing DEQ with an application to become approved as a "prospective developer" which means any person with a bona fide, demonstrable desire to develop or redevelop a brownfields property and who did not cause or contribute to site contamination. Next, further assessment of Moore Square East by the new owner/developer may be needed considering their specific redevelopment plans and DEQ requirements. Finally, the new owner/developer would negotiate terms of a definitive Brownfields Agreement with DEQ.

Participation in the NC Brownfields Program and obtaining a Brownfields Agreement would provide the new owner/developer with the benefits outlined below, including strong liability protection, reasonable cleanup expectations, and being eligible for the brownfields tax exclusion. Participation would also mean redevelopment and use of the Moore Square East property would be subject to *to-be-determined* Brownfields Agreement terms, land use restrictions and obligations to ensure safe site reuse.

On the other hand, while DEQ has determined that Moore Square East meets the definition of a "brownfields property", a new owner/developer is under no obligation to continue to pursue a Brownfields Agreement. Upon the sale of Moore Square East, the City of Raleigh could withdraw from the NC Brownfields Program and DEQ would not require the new owner/developer to continue. A new owner/developer may, however, have certain obligations under DEQ's other environmental programs due to the contamination which is present.

ENVIRONMENTAL CONDITIONS

The 2.553-acre Moore Square East property consists of an assemblage of sixteen land parcels as listed in Table 3 and shown on the attached survey prepared by Al Prince & Associates, P.A. Moore Square East is irregularly shaped and located within a single city block in downtown Raleigh bordered by E. Hargett, S. Bloodworth, E. Martin and S. Person Streets. The Moore Square East is located just to the east of Moore Square public park.

By circa 1890, the Moore Square East property was improved with single family homes. By 1950, Moore Square East was still predominantly residential with the addition of the Salvation Army building and a church

located along S. Person Street. By the 1970s, fewer homes were located at Moore Square East and there was additional surface parking. The Moore Square East property is currently improved with the two-story Salvation Army building and a storage building located just to the east. The balance of the Moore Square East property is gravel and paved parking areas.

Environmental consultants retained by the City of Raleigh completed a series of Phase I and II Environmental Site Assessments (ESAs) that included a review of state and federal environmental records, site inspections, and physical testing to evaluate soil and groundwater contamination.

The Phase I ESAs concluded that there were no reported environmental incidents, spills, leaking tanks or other outstanding environmental concerns associated directly with Moore Square East. There are no current agreements, permits, ongoing actions or other obligations with DEQ or USEPA officials. The Phase I reports did not note historical high-risk activities occurring at Moore Square East that might be expected to cause significant environmental issues.

The Phase I ESAs did indicate, however, the possibility of impacts due to old out-of-service heating oil tanks (although no direct evidence of onsite tanks exists). The more important concern noted in the Phase I ESAs was the potential for contamination migrating onto Moore Square East from known offsite sources, including from a nearby pest control company, dry cleaners, service stations, and offsite USTs.

Follow-on Phase II ESAs included soil and groundwater sampling and analyses. The testing indicated no onsite soil contamination. Groundwater contamination was measured at only relatively low levels, but above certain stringent DEQ standards and guidelines. Contamination in groundwater included chlorinated solvents and petroleum constituents attributed to past offsite spillage at a former dry cleaner and services stations located nearby. The contamination levels exceeded 15A NCAC 02L .0202 Groundwater Standards established for unrestricted use and human consumption, and certain DEQ vapor intrusion (VI) screening levels indicating the potential for VI risk to indoor air quality.

In summary, there appear to be no known environmental incidents associated with the past use of the Moore Square East property itself, which was historically low-risk residential and commercial. No onsite soil contamination was identified in the assessments. Low-level onsite groundwater contamination at the property is attributed to offsite environmental incidents. (See Table 4 for a list of reports and documents.)

BROWNFIELDS PROGRAM OVERVIEW

The NC Brownfields Program was established by the Brownfields Property Reuse Act of 1997 [NCGS 130A310.30 et seq.] and authorizes DEQ to work with both public and private sector developers and property owners that did not cause or contribute to site contamination to promote the safe reuse of urban infill properties, former commercial/industrial sites, and other types of environmentally impaired real estate. In North Carolina, to date 625 brownfields agreements have been recorded and \$30 billion of resulting real estate investment has occurred. Approximately 70 DEQ-designated brownfields properties are located in Wake County, including redevelopment sites throughout greater Raleigh.

The NC Brownfields Program is recognized as a national model and successful way to repurpose contaminated sites. It is implemented via a brownfields agreement entered between DEQ and the non-responsible owner/developer. Moreover, the program provides the substantial benefits:

- Strong liability protection from DEQ in the form of a covenant not to sue. Such a covenant runs with the land and applies to subsequent owners and other stakeholders.
- Expensive cleanup actions are typically avoided, and administrative land use restrictions and engineering controls are used instead to ensure safe site use. New owners avoid stringent, costly remediation requirements a responsible party would otherwise be obligated to follow.
- For private development, property taxes are reduced by about 50% for five years after redevelopment occurs, under a special tax exclusion.

BROWNFIELDS TAX EXCLUSION

NC General Statute *§105-277.13: Taxation of Improvements on Brownfields* excludes a portion of the value of the improvements made at a brownfields property from both city and county property taxes. The exclusion applies just to improvements but not to the value attributable to the land. After improvements are completed at a brownfields property with a recorded Brownfields Agreements, the owner/developer makes a simple one-time application to the county tax office.

The exclusion reduces property taxes on a front-end-loaded sliding scale for five years based on the following schedule: Yr 1 - 90%, Yr 2 - 75%, Yr 3 - 50%, Yr 4 - 30%, and Yr 5 - 10%. This results in a net savings of about 50% over the five-year tax exclusion period. For brownfields development in Raleigh, the estimated combined city and county tax savings are \$24,500 for every \$1 million in appraised value of new development.

Table 1 – Moore Square South Parcels

<i>Parcel #</i>	<i>Street Address</i>	<i>Pin #</i>	<i>Area (Acres)</i>
1	228 E. Martin St.	1703871762	0.19
2	230 E. Martin St.	1703872717	0.14
3	225 E. Davie St.	1703871564	0.59
		Total Acreage	0.92

Table 2 - Moore Square South - Environmental Reports & Documents

<i>Report or Document</i>	<i>Prepared By</i>	<i>Date</i>
Phase I Environmental Site Assessment	GeoLogix	Nov 7, 2012
Limited Phase II Environmental Site Assessment (ESA)	GeoLogix	Aug 7, 2013
Brownfields Property Application	City of Raleigh	Aug 13, 2013
Letter of Eligibility	DEQ	Sept 4, 2013
Limited Phase II Environmental Site Assessment (ESA)	GeoLogix	Feb 20, 2014
Brownfields Survey Plat	Newcomb Land Surveyors	Aug 13, 2014
Brownfields Agreement	DEQ	Aug 26, 2014

Copies of the reports and documents listed in Table 2 are available at:

https://edocs.deq.nc.gov/WasteManagement/Search.aspx?dbid=0&searchcommand=%7B%5BWM%5D:%5BProgram_ID%5D%20%3D%20%2217034-13-092%22%7D

Table 3 – Moore Square East Parcels

Parcel #	Street Address	Pin #	Area (Acres)
1	330 E. Hargett St	1703886253	0.589
2	210 S. Bloodworth St.	1703886184	0.101
3	214 S. Bloodworth St.	1703886088	0.100
4	218 S. Bloodworth St.	1703887004	0.042
5	319 E. Martin St.	1703886024	0.389
6	224 S. Bloodworth St.	1703877908	0.037
7	226 S. Bloodworth St.	1703876995	0.037
8	228 S. Bloodworth St.	1703876991	0.033
9	327 E. Martin St.	1703876898	0.059
10	325 E. Martin St.	1703876953	0.078
11	323 E. Martin St.	1703876933	0.078
12	317 E. Martin St.	1703875954	0.059
13	219 S. Person St.	1703874926	0.358
14	215 S. Person St.	1703884007	0.558
15	No Address	No PIN	0.014
16	No Address	No PIN	0.021
		Total Acreage	2.553

Table 4 - Moore Square East - Environmental Reports & Documents

Report or Document	Prepared By	Date
Phase I Environmental Site Assessment	WithersRavenel	Nov 6, 2012
Phase II Environmental Site Assessment	WithersRavenel	Feb 21, 2013
Brownfields Property Application	City of Raleigh	June 16, 2013
Phase I Environmental Site Assessment	GeoLogix	June 17, 2013
Limited Phase II Environmental Site Assessment	GeoLogix	June 19, 2013
Amended Brownfields Property Application	City of Raleigh	June 25, 2013
NC Brownfields Program Letter of Eligibility	DEQ	July 10, 2013

Copies of the reports and documents listed in Table 4 are available at:

https://edocs.deq.nc.gov/WasteManagement/Search.aspx?dbid=0&searchcommand=%7B%5BWM%5D:%5BProgram_ID%5D%20%3D%202217025-13-092%22%7D