



CHARLOTTESM

**City Council
Follow-Up Report**

June 14, 2013

June 10, 2013 – City Council Business Meeting

Appraised Value of Contaminated Property

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Council member David Howard requested staff provide information to Council about two issues pertaining to the values of contaminated property. Will the City add value to these properties when “cleaning them up” and, if so, how much value does the City add?

The NC Department of Environment and Natural Resources (NC DENR) holds the property owner responsible for contamination on their property unless they can establish third party liability. In addition, NC DENR's mitigation requirements are typically triggered when the property is developed. This is reflected in the Federal Transit Agency rules on reimbursement which require offsetting the cost of mitigation from the property purchase price to establish fair market value.

Because of the City's work on the Blue Line Extension, the City will be required to mitigate any contaminated soil encountered in the construction process. This may include removing some contaminated soil, or capping the soil with an impermeable material such as concrete.

In dealing with encountered contamination, the City will be providing a benefit to the property owner by remediating per NC DENR standards within the easement area.

The four contaminated properties authorized for condemnation on the June 10 Agenda are needed for the construction of a retaining wall to support a future freight track expansion required by the Blue Line Extension project. The permanent railroad easements (only a small portion of the property) will be acquired on private property that is presently:

- Contaminated in the soil and groundwater with chlorinated volatile organic compounds, acetone, trichloroethylene and petroleum based solvents.
- Encumbered by an existing Norfolk Southern Lead Track Easement from 1954 with existing tracks.
- Within a flood plain.

These three factors are largely responsible for the appraised value of zero dollars. With respect to the property owned by Mr. Speckman, the estimated value of the easement if the property were “clean” would be roughly \$2,000. Consequently, when considering clean-up costs required under NC DENR standards, the clean

value is well exceeded by the remediation costs.

This value assessment was made by an independent appraiser, per condemnation rules. The property owner still has recourse in the remaining portions of the condemnation process. There are multiple opportunities for property owners to negotiate a settlement with staff or through the court-ordered mediation/trial process as required by the State of North Carolina and Mecklenburg County.