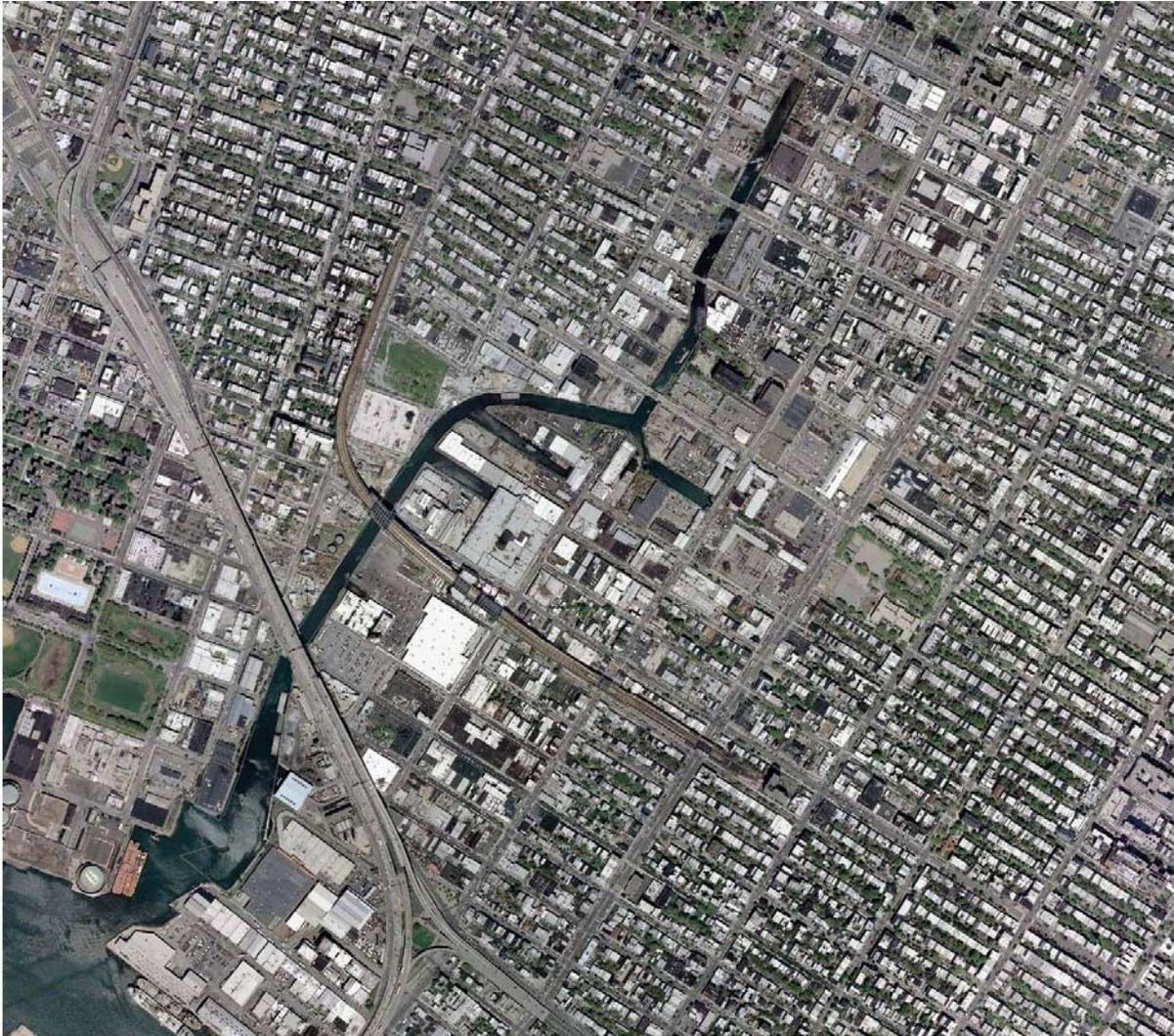


June 24, 2009

# Alternative Cleanup Plan for the Gowanus Canal

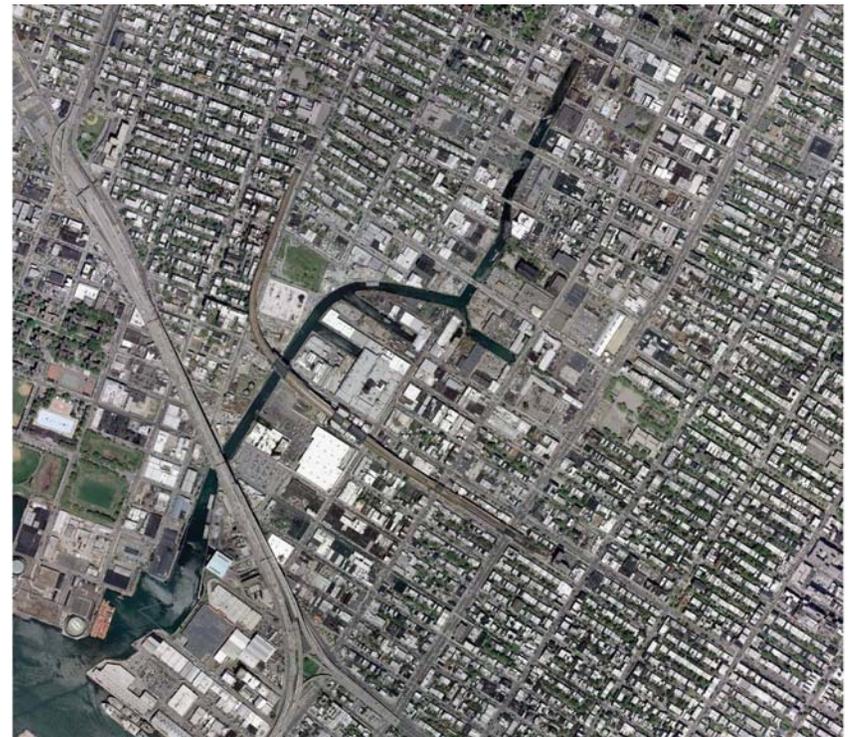


# Gowanus Canal

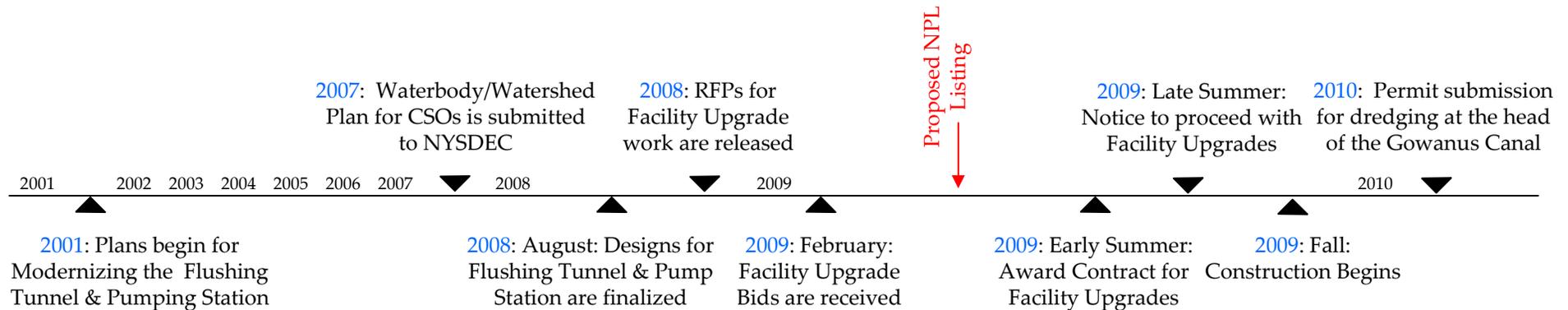


## Goals for the Alternative Cleanup Plan

- **Superfund-quality cleanup with EPA oversight**
- **Expedited timeframe**
- **Make polluters pay**
- **Alternative Cleanup Plan addresses:**
  - Canal sediment
  - Canal water quality
  - Land discharges
- **Maximize existing investments & resources**
- **Minimize risk of stigma and disinvestment**
- **Transparent public process**



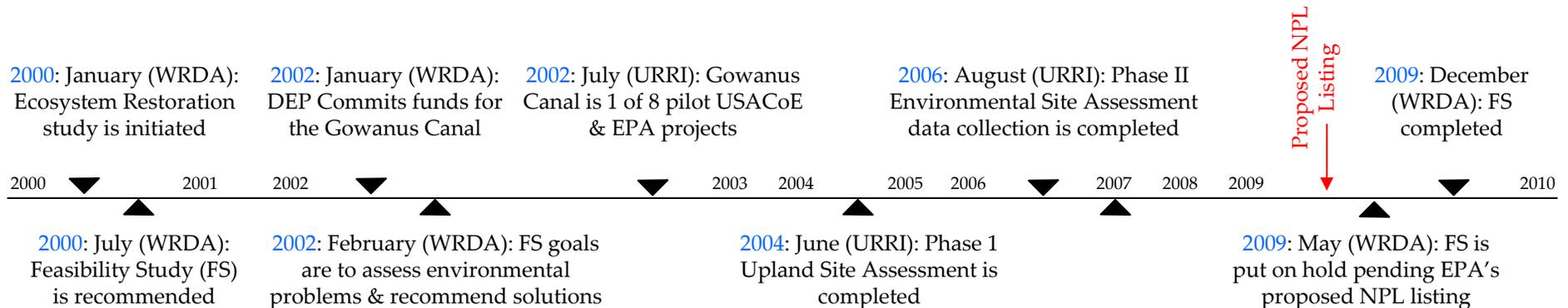
# NYC's Ongoing Work in the Gowanus Canal



## Water Quality Improvement Projects

- Modernizing the Flushing Tunnel
  - Improves water quality and circulation
- Up-size a pump station and replace force main to take CSOs to nearest WWTP
  - Reduces discharge of CSOs by 34%
- Dredging upper 750 feet of the Canal
  - Improve water quality and reduce odors

# US Army Corps of Engineers/URRI



- Under Water Resources Development Act (WRDA), DEP/ACOE are conducting Feasibility Study
  - 50/50 DEP & Army Corps cost share totaling \$5M (underway)
  - Expected restoration recommendations include dredging and wetland creation
  - Focus is on dredging prior to restoration work
- Under Urban Rivers Restoration Initiative (URRI), gathering extensive data
  - Joint initiative between EPA and Army Corps to coordinate remedial, water quality and environmental restoration pursuant to CWA, CERCLA, RCRA and WRDA
  - Partnership designed to provide innovative remediation strategies and coordinate funding
  - Gowanus is identified as 1 of 8 pilot sites under URRI

## Why an Alternative Cleanup Plan?

### ➤ **Leverages on-going projects**

- US Army Corps Partnership
- DEP CSO and Dredging Work

### ➤ **Maximize incentives to get job done quickly**

- Army Corps & EPA participation creates potential for significant federal funding
- Provides incentive for polluters to participate

### ➤ **Collaborative process is faster and more efficient**

- It is estimated that transaction costs (e.g. legal expenses) account for 17-33% of the total costs incurred by Responsible Parties under Superfund

### ➤ **No downside to the alternative, EPA can list at any time**

- Pursuing alternative does not slow-down Superfund process if Canal is ultimately listed

### ➤ **Threat of Superfund Listing has had the desired effect.**

- EPA should embrace alternative approach and help the City to implement it

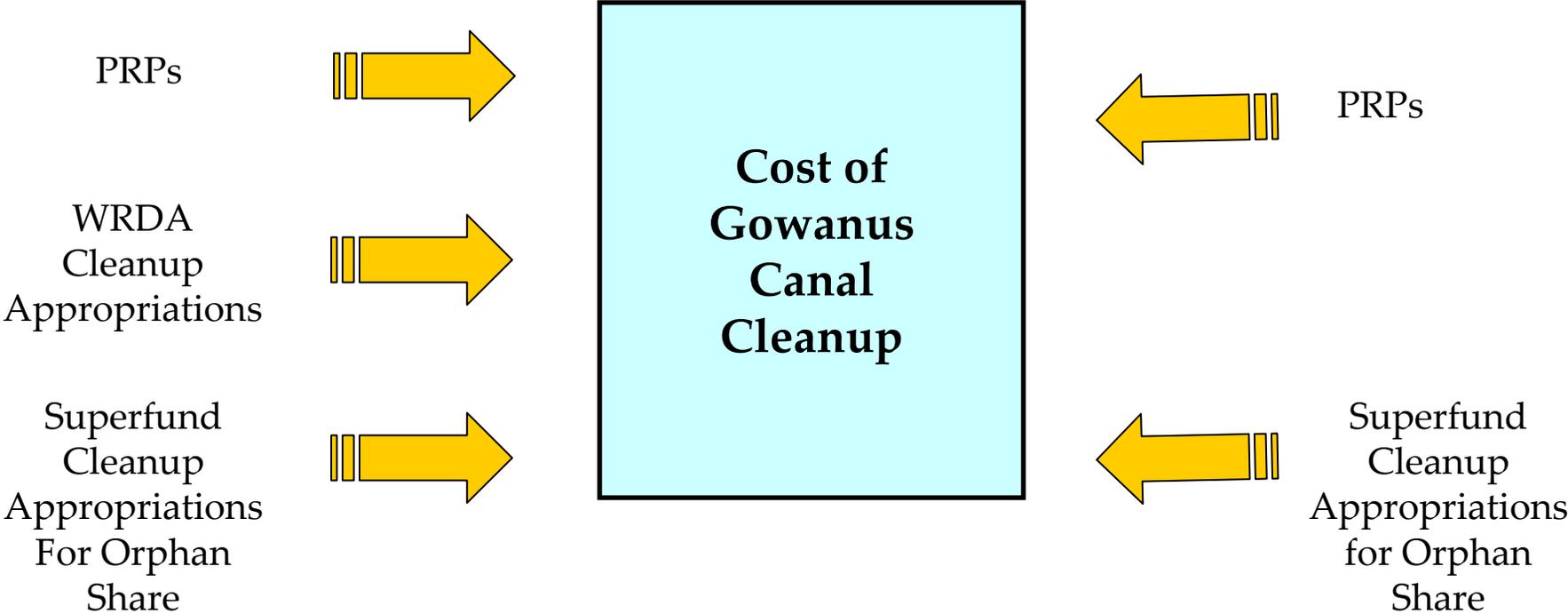
## Factors That Delay Superfund Cleanups

- **Many RPs/multiple properties**
- **RPs of different sizes and contribution**
- **Extremely large costs for cleanup**
- **Long industrial history**
  - **Multiple owners and processes**
- **Common contaminants**
  - **Difficult to quantify**
- **Potential orphan liabilities**
  - **Companies out of business**
  
- **All of these factors exist at the Gowanus Canal**

# Federal Funding Sources for Gowanus Canal

## Alternative Plan

## Only Superfund



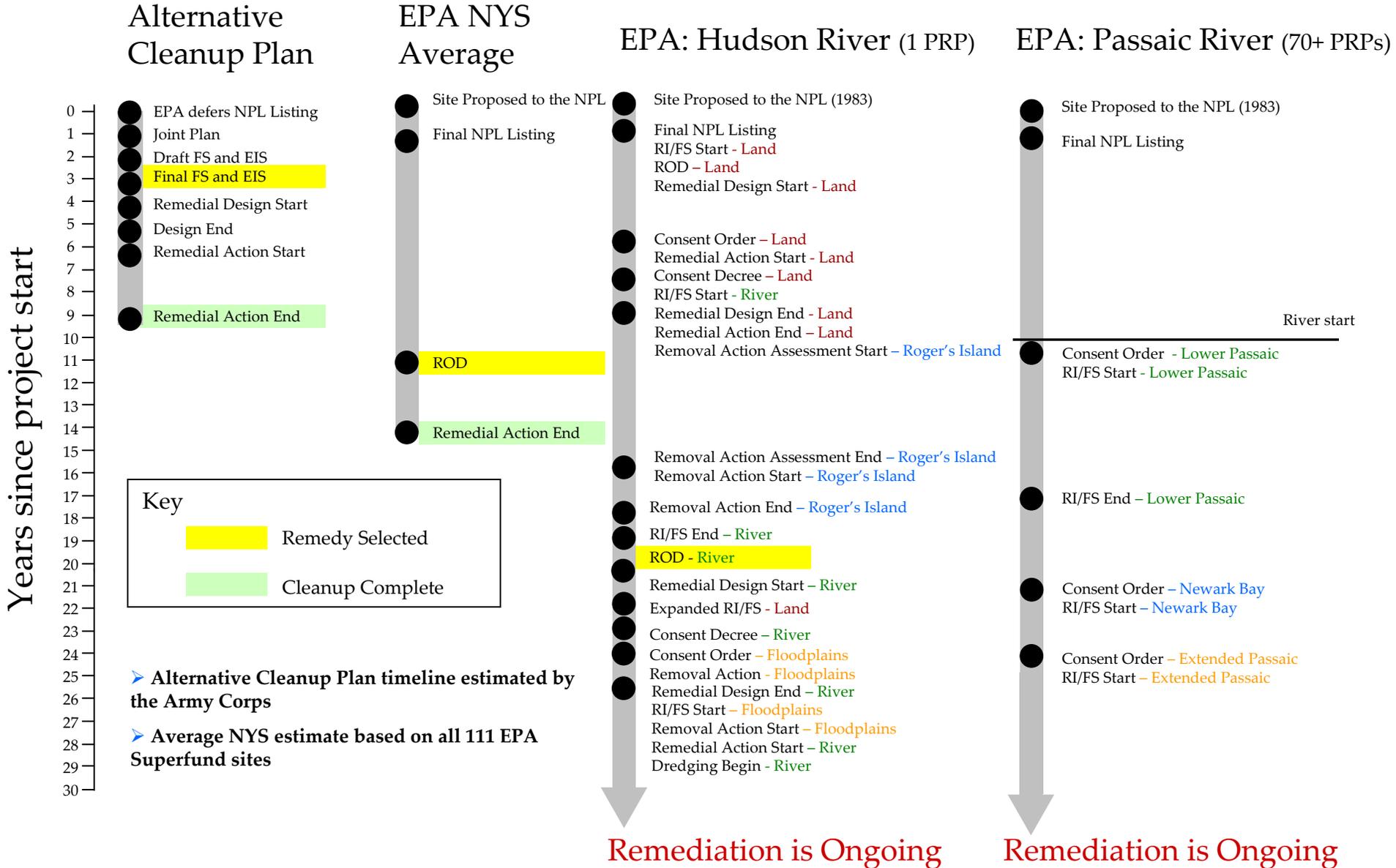
## What is the Superfund Alternative Approach?

- **Superfund Alternative approach is an official EPA program established in 2002.**
  - EPA is using the Superfund Alternative Approach in lieu of Superfund listing at 45 sites around the country.
- **Superfund Alternative approach follows the same investigation and remedial procedures and achieves the same level of cleanup.**
- **EPA project managers in other regions have found that the alternative approach can be a successful way to address waste site cleanup.**
- **Superfund Alternative should be given a chance at the Gowanus Canal.**

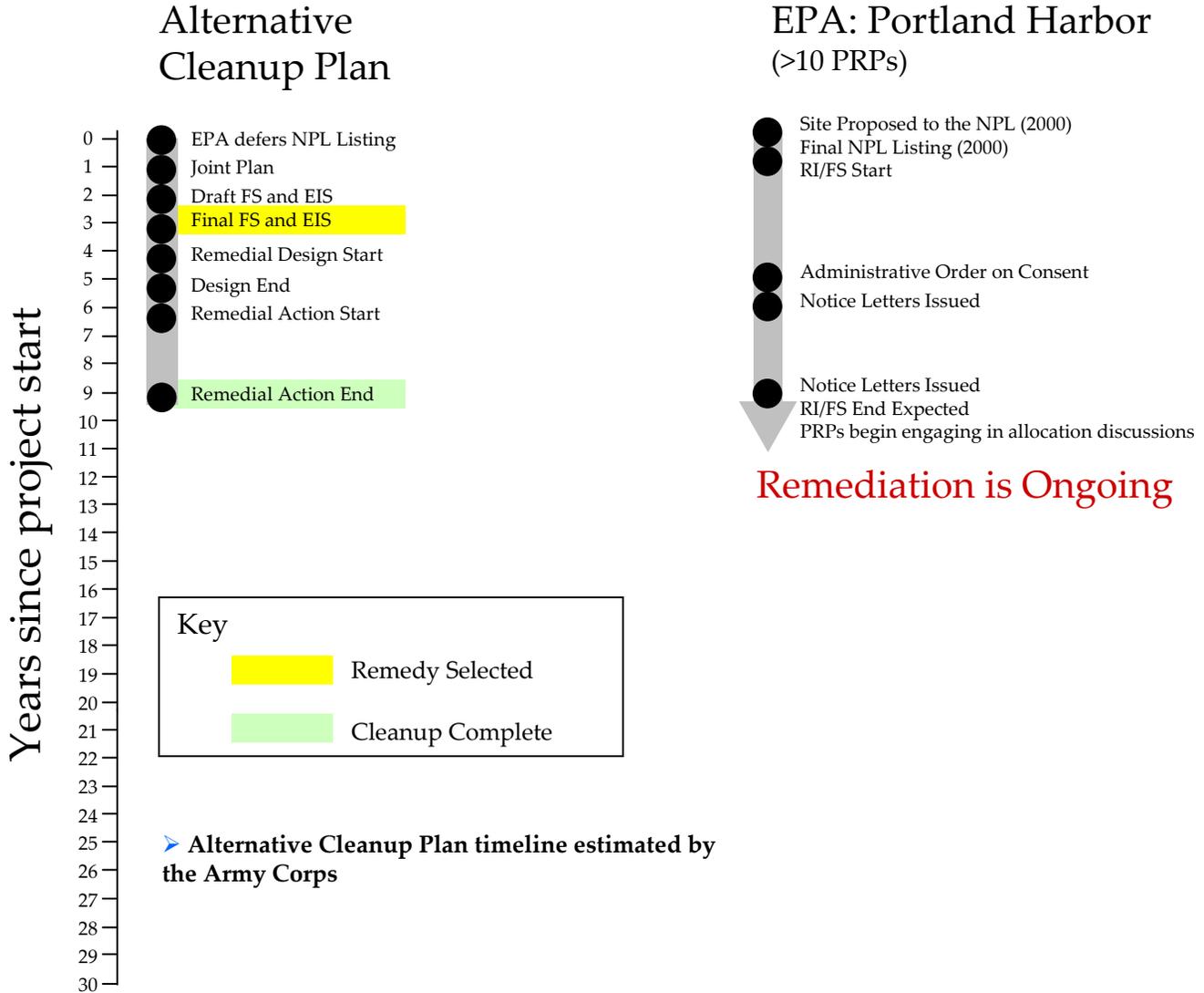
## What is the City's Alternative Cleanup Plan?

- **Clean Gowanus Canal to Superfund standard. That means:**
  - Address Canal sediments
  - Investigate and Address Upland Properties
  - Stop Any Continuing Discharges
  
- **EPA Approves and is Engaged in all stages of Work**
  - EPA and DEC participate in and approve scopes of work
  - Potential EPA funding participation in early phases
  - EPA oversight through all stages of work
  
- **Cleanup administered by Federal & State agencies**
  - Uses existing Army Corps Partnership for sediment cleanup
  - EPA and Army Corps oversee all work through binding, enforceable agreements
  
- **Polluters and Responsible Parties pay for cleanup**
  - Voluntary Engagement by leveraging City Partnership with Army Corps
  - Potential federal funding creates an incentive to PRPs to participate
  
- **EPA lists Canal if not satisfied**
  - No time lost, investigation is ongoing

# Alternative Plan Can Achieve a Cleanup Faster



# Alternative Plan Can Achieve a Cleanup Faster



## New York City Experience with Hazardous Waste Sites

- **NYS Superfund cleanups**
  - **6 Hazardous waste landfills**
    - **670 acres**
    - **>\$500 Million**
    - **Including dredging of PCBs**
  
- **Industrial property cleanup programs**
  - **E-Designation Program (since 2000)**
  - **Local Brownfield Program (2009)**

# Potential Consequences of a Superfund Listing

## ➤ **Difficulty refinancing, securing loans and obtaining insurance**

- Lenders may hesitate to finance a site next to a Superfund site because it may be difficult to quantify the financial liability risk involved
- Lenders may be willing to fund, but they would not take all of the risk and would charge a premium rate for the additional risks

## ➤ **Superfund stigma and lower property value**

- The majority of academic studies analyzing areas close to Superfund sites identified a decrease in property prices.
- It is conceivable that the present value of the benefits of cleanup are mostly lost if the Superfund process is uncertain and subject to delays.
- Courts have discounted property values by 20% to account for the stigma of a Superfund listing
- Superfund stigma is a factor considered by the NYS Board of Equalization and Assessment in its valuation of property values

## ➤ **Disinvestment**

- Traditional lending sources may favor of cleaner, easier sites

## Funding: Investigation & Cleanup

### ➤ **Phase 1: EPA currently has funding for the Investigation Phase**

- EPA can spend money on Investigation activities immediately
- The Canal does **not** have to be listed as a Superfund site for EPA to spend money on the Investigation Phase
- Under the Alternative Cleanup Plan, the City and Responsible Parties would contribute additional resources to the Investigation

### ➤ **Phase 2: EPA does not have funding for the Cleanup Phase**

- Cleanup requires litigation to secure Responsible Parties contribution
- Cleanup requires Federal funding for the “orphan” share
  - EPA will have to obtain federal dollars to pay for the orphan share
- There is nationwide competition for EPA’s remediation funds

### ➤ **Keeping the Army Corps and WRDA funding on the table at this point can help ensure that the Canal cleanup actually occurs**

## Submit Comments to the EPA Docket by July 8<sup>th</sup>

- **By email or phone to EPA's New York State Docket Coordinator Dennis Munhall**
  - munhall.dennis@epa.gov or (212) 637-4343
  - Identify your comment by the Gowanus Canal docket number "EPA-HQ-SFUND-2009-0063" in your submission.
- **On the web at Regulations.gov**
  - Use the document number "EPA-HQ-SFUND-2009-0063-0001" as a keyword search.
  - Once at the document click on the "Send a Comment or Submission" link
- **By mail**
  - Identify your comment by the Gowanus Canal docket number "EPA-HQ-SFUND-2009-0063" in your submission.
  - Docket Coordinator, Headquarters  
U.S. Environmental Protection Agency  
CERCLA Docket Office  
(Mail Code 5305T)  
1200 Pennsylvania Avenue, NW  
Washington, DC 20460