

## Planning for the Future:

## Reuse Assessment for the Gulf States Steel Superfund Site

April 2010

EPA Region 4 Superfund Redevelopment Initiative *prepared for* City of Gadsden

> *prepared by* E<sup>2</sup> Inc.

### **Table of Contents**

| Executive Summary                       | .2 |  |  |
|---|----|--|--|
| Introduction                            | .2 |  |  |
| Site Background                         | .4 |  |  |
| Site Context                            | .6 |  |  |
| Recreational Network                    | .8 |  |  |
| Site Parcel Characteristics             | 0  |  |  |
| Site Zoning1                            | 2  |  |  |
| Site Access                             | 4  |  |  |
| Site Features and Reuse Considerations1 | 6  |  |  |
| Northwest Parcels1                      | 6  |  |  |
| Eastern Parcels1                        | 8  |  |  |
| Black Creek Parcels2                    | 22 |  |  |
| California Avenue Parcel2               | 24 |  |  |
| Summary of Reuse Considerations         |    |  |  |
| Acquisition Considerations              |    |  |  |

#### Appendices

| Appendix A – Remedial History of the Gulf States Steel Site A- | 1 | 1 |
|--|---|---|
|--|---|---|

#### List of Tables

| Table 1 – Site Parcel Information | ) |
|-----------------------------------|---|
| Table 2 – Zoning for Site Parcels | ) |

| List of Figures   |    |
|---|----|
| Figure 1 – Site Location in City of Gadsden, Alabama            | 3  |
| Figure 2 – Superfund Sampling and Time Critical Removal Actions | 4  |
| Figure 3 – City-wide Land Use Context                           | 7  |
| Figure 4 – Black Creek Greenway Recreational Context            | 9  |
| Figure 5 – Site Parcel Configuration                            | 11 |
| Figure 6 – Site and Surrounding Zoning                          | 13 |
| Figure 7 – Site Access  | 15 |
| Figure 8 – Northwest Parcels                                    | 17 |
| Figure 9 – Eastern Parcels                                      | 19 |
| Figure 10 – Eastern Parcels Zones                               | 20 |
| Figure 11 – Potential Future Use of Eastern Parcels             | 21 |
| Figure 12 – Potential Future Use of Black Creek Parcels         | 22 |
| Figure 13 – Flood Zones   | 23 |
| Figure 14 – California Street Parcel                            | 25 |
|   |    |

### **Executive Summary**

In 1999, Gulf States Steel filed for bankruptcy leaving over 200 acres of unclaimed industrial land in Gadsden, Alabama. The vacant Gulf States property includes 13 parcels located within one mile of downtown Gadsden. Since 2007, EPA Region 4 has been conducting a cleanup of this property to remove contaminated containers and structures. Over the next two to three years, EPA will oversee the final phase of cleanup – removing approximately 100 acres of slag piles adjacent to the Black Creek Greenway. EPA expects to complete the cleanup in 2012, and regulatory authority will revert to the state at that time. EPA will offer no further oversight of the property after this time.

If unclaimed, the property will remain vacant and could become a nuisance to the community over time. Indentifying a viable owner and future use for the former Gulf States properties will help ensure the site can transition to a set of productive uses for the community. Acquisition and reuse could be phased with most parcels available for reuse in 2010. Liability protections and guidance regarding property liens are available for local governments and prospective purchasers.

Potential future uses at the site could include municipal fleet parking and maintenance, industrial uses, sports and athletic fields, and recreation trails.

### Introduction

EPA's primary responsibility at Superfund sites is to ensure the protection of human health and the environment. The Superfund Redevelopment Initiative (SRI) was created by EPA in 1999 to help communities and stakeholders in their efforts to return environmentally impaired sites to protective and productive use. Consideration of a site's potential future use is an important part of this responsibility under the National Contingency Plan (NCP). EPA considers reasonably anticipated future land use to help inform remedial goals and select remedies that will allow for those uses whenever possible. Collaboration among EPA, communities, and site stakeholders in the evaluation of future uses establishes realistic expectations for how a site can be used after cleanup and facilitates more sustainable long term stewardship of the site. Local communities benefit by participating in EPA's evaluation of future uses for the site by helping to determine how the site might fit with community interests and development goals.

With funding from EPA's SRI Program, EPA requested environmental consulting firm E<sup>2</sup> Inc., to conduct a reuse assessment for the Gulf States Steel Superfund Site (GSS Site), located in the City of Gadsden, Alabama. This report summarizes the findings of the reuse assessment including an evaluation of zoning and surrounding land use, parcel configuration, physical features, site constraints, reuse options and stewardship considerations. The purpose of the reuse analyses is to facilitate the long-term protectiveness and stewardship of the site by outlining reuse options and considerations for EPA, community stakeholders and potential future owners of the site.

Establishing a viable owner for the GSS Site parcels is critical for the long-term stewardship of the site and the benefit of the local community. A viable owner is able to ensure that the site is returned to productive use, that the use integrates well with community goals, that the site is maintained and protected from vandalism, and that protections identified for the site remain intact in the future. The final section of this assessment outlines several mechanisms for limiting liability when acquiring contaminated sites and discusses their potential application to the GSS Site parcels.



### Site Background

The GSS Site is located in the City of Gadsden, Etowah County, Alabama, about an hour northwest of Birmingham. The Site encompasses over 760 acres and is comprised of the remaining Gulf States Steel, Inc. property at 174 South 26th Street, approximately one mile west of downtown Gadsden. Black Creek, a tributary of the Coosa River, forms the eastern boundary of the site.

Gulf States Steel, Inc. of Alabama (Gulf States) began operations at the site on February 1, 1986, although the facility was previously operated and owned by other entities since its construction in 1902. Gulf States was a fully integrated steel manufacturing facility that manufactured a diversified product line including steel plates, hot and cold rolled steel sheets, and galvanized steel sheets. During the height of its operation, Gulf States was the second largest steel mill in the southeast, employing approximately 2,100 people.

In 1999, Gulf States filed for a Chapter 11 bankruptcy, and subsequently Chapter 7. By way of the Gulf States bankruptcy auction, Gadsden Industrial Park (GIP) acquired approximately two-thirds of the site acreage. In addition to the parcels, GIP acquired other Gulf States assets, including the railroads that supported the defunct facility and run through the parcels, steel equipment (subsequently dismantled and removed), and a waste slag pile located on the eastern portion of the site. Thirteen parcels of the Gulf State Steel Site remain unclaimed since closure of the Gulf States bankruptcy proceedings. These parcels contain the former coke plant, wastewater treatment lagoons, and slag piles. A Time Critical Action Memo was signed on July 18, 2007, to address wastes remaining in above ground storage tanks, process vessels, and drums associated with the coke plant operations in the northwest portion of the site. Field activities outlined in the action memo were completed in March 2008. An amendment to the action memo authorized a second removal which was completed in June 2008 to stabilize lagoon one located on the eastern portion of the site. EPA began a third removal in September 2009 to remove remaining buildings and reprocess and remove the slag piles. This final action is expected to be completed in 2012. Appendix A outlines more information regarding the GSS Site's remedial history. This reuse assessment outlines potential reuse considerations for these remaining parcels to inform EPA and the local community in decisions regarding long-term stewardship of the GSS Site.



### Site Context

#### City of Gadsden

With populations of 37,500 in the city, 103,000 in the county and 350,000 in a 30-mile radius, Gadsden is a Keep America Beautiful national award-winner and a recipient of the U.S. Conference of Mayors' City Livability Award. The GSS Site is located approximately one mile west of downtown Gadsden.

#### City Zoning

The City of Gadsden contains a classic land use composition illustrated in Figure 3. The central area of the city includes primarily residential and commercial uses, with commercial uses focused in the downtown and along the spines of major corridors. Aside from the adjacent GIP, the bulk of the City's industrial property is located at the City limits in the southeast and southwest corners. In the southwest corner, Gadsden Airport Industrial Park has over 1,000 acres zoned light industrial with tele-communications and major utilities located one mile from I-59. Combined, there are more than 1,500 acres listed as available industrial sites according to the Gadsden-Etowah County Industrial Development Authority. Given this zoning context, and the current availability of industrial sites on the perimeter of Gadsden, the GSS parcels may be more suited to providing amenities or services to the local Gadsden and Etowah communities including commercial, light industrial or recreational uses.

A recreational spine, shown in more detail in Figure 4, runs adjacent to the site northsouth along Black Creek from Noccalula Falls Park to the Martin Wildlife Park at Lake Gadsden. This recreational context is evaluated further in the next section.



### **Recreational Network**

The Black Creek Greenway Trail plan proposes to connect Noccalula Falls to the Martin Wildlife Park at Gadsden Lake with a five mile multi-use trail. Funding for the first half of construction from the Falls to General Forrest Middle School is anticipated in early 2008. Additional funding will complete the trail from the Gadsden Sports Complex to the Martin Wildlife Park. This southern portion of the planned trail runs adjacent to and through parcels of the site. Black Creek is classified as a fish and wildlife stream.

Noccalula Falls Park is both a local and regional destination along the scenic Lookout Mountain Parkway. The park includes a pioneer village and botanical garden, cabins and a campground, a war memorial and museum, mini-golf, and a sight-seeing train ride.

The Jim Martin Wildlife Park covers 180 acres of wetlands and forest beside Neely Henry Lake and includes its own island, accessible by a raised boardwalk. The Park offers viewing of birds and wildlife including the yellow-billed cuckoo, the Carolina chickadee, the tufted titmouse, and ducks.

The Gadsden Sports Complex, located half-way down the Black Creek Greenway just north of the GSS Site, includes a five field baseball/softball complex, a twelve court tennis center, a combination football/soccer field, a one-mile lighted walking track, a sports coliseum, and a competition level baseball field. The complex has hosted numerous local, state, and national competitions in softball, tennis, soccer, football, and basketball. Informal athletic fields located on the GIP property indicate some additional demand for sports fields.

Given the site's location adjacent to the greenway, and other factors discussed later in this report, many of the eastern parcels could be well suited for recreational use and potentially expand the athletic and habitat amenities associated with the Black Creek Greenway.

The parcel sizes could easily accommodate sports amenities including athletic fields or golf driving ranges that complement the existing sports complex. The lagoons on site could provide additional habitat value to Black Creek and an educational opportunity along the Black Creek Greenway.

Future uses of these eastern parcels could play a key role in developing the North-South recreational and habitat corridor of Gadsden connecting Noccalula Falls and the Martin Wildlife Park. In addition, parcel M which terminates at Little Wills Creek, could provide a trail and riverfront park for the western neighborhoods in Gadsden which are currently less served than other areas of the City.



### **Site Parcel Characteristics**

Etowah County parcel data includes parcels currently listed under Gulf States Steel ownership which were left unclaimed during the Gulf State bankruptcy proceedings. These parcels, labeled A – M in Figure 5, total more than 225 acres and range in size from less than one acre to nearly eighty acres. Parcels A through I are included in EPA's Superfund Site designation as part of the GSS Site. This report also includes includes analysis on parcels B, J, K, L, and M to the extent they figure into reuse options for the GSS Site parcels. Table 1 includes the parcel identification number, acreage, zoning and appraised value for each of parcels A through M.

|        |                        |   |         | APPRAISED VALUE (2009) |             |           |
|--------|------------------------|---|---------|------------------------|-------------|-----------|
| Parcel | Tax ID Number          | Zoning  | Acreage | Total                  | Structures  | Land      |
| А      | 15 03 06 2 000 364.000 | Industrial 2                                    | 1.77    | \$8,672                | -           | \$8,672   |
| В      | 15 03 06 2 000 362.000 | Business 2                                      | 1.29    | -                      | -           | -         |
| С      | 15 03 06 3 000 017.002 | Industrial 2                                    | 16.82   | \$75,690               | -           | \$75,690  |
| D      | 15 03 06 3 000 017.000 | Industrial 2                                    | 51.23   | \$1,955,302            | \$1,724,767 | \$230,535 |
| E      | 15 03 06 4 000 251.000 | Industrial 2                                    | 12.96   | \$58,320               | -           | \$58,320  |
| F      | 15 03 05 3 000 128.000 | Industrial 2                                    | 31.55   | -                      | -           | -         |
| G      | 15 03 07 1 000 001.000 | Industrial 2                                    | 22.96   | \$103,320              | -           | \$103,320 |
| Н      | 15 03 08 2 000 050.000 | Industrial 2 (most) / Residential 1 (NE corner) | 79.27   | -                      | -           | -         |
| I      | 15 03 08 2 000 049.000 | Industrial 2                                    | 26.57   | -                      | -           | -         |
| J      | 15 03 08 3 000 001.001 | Residential 1                                   | 2.05    | -                      | -           | -         |
| К      | 15 03 08 3 000 001.002 | Residential 1                                   | 0.62    | -                      | -           | -         |
| L      | 15 03 08 4 000 015.000 | Residential 1                                   | 6.69    | \$15,000               | -           | \$15,000  |
| Μ      | 16 01 12 0 001 093.000 | Residential 1 (NE) / Industrial 1 (SW)          | 5.60    | \$34,699               | \$26,299    | \$8,400   |

#### Table 1. Site Parcel Information



### Site Zoning

Figure 6 indicates the zoning of the site and adjacent properties. The site is primarily surrounded by residential use with some pockets of industrial and commercial. A zone of commercial land use extends north of the site and along Forrest Avenue and the adjacent GIP parcels are zoned and operated as industrial. There are also a number of City-owned parcels located adjacent and northeast of the site along Black Creek that house public fleets and facilities.

Black Creek divides the GSS Site between primarily industrially-zoned parcels to the west and residential-zoned parcels to the east. Parcels A, C-G, most of H and a portion

of I are zoned industrial. Parcel B is zoned commercial. All of the parcels located east of Black Creek are zoned residential (a portion of H, most of I, J, K and L). Parcel M, located outside the Superfund Site in the middle of California Avenue right-of-way is zoned residential on the east end and industrial on the west end. Table 2 outlines the specific zoning for each parcel. Note that parcel B, zoned Business-1, permits residential and other residential-like uses that may not be suitable given the past industrial use. The City of Gadsden's zoning code outlines specific permissible uses for each zone and does not allow for cumulative zoning. For the full table of permitted uses, see the online zoning code for the City of Gadsden.

#### Table 2. Zoning for Site Parcels

| Parcel   | Zoning        | Examples of Permitted Uses by Right   |
|--|---------------|---|
| В  | Business 2    | multi-family, hotel, family service shelter, library, theatre, most amusement/entertainment<br>uses, most retail uses<br>Industrial uses generally restricted.  |
| A<br>C<br>D<br>E<br>F<br>G<br>Most of H<br>Most of I | Industrial 2  | carnival, auto repair, storage and wrecking, utilities including electric substation,<br>broadcasting, water storage and pumping, fleet maintenance, storage yards, warehousing,<br>animal clinic and most manufacturing services<br><i>Residential and most retail is restricted</i> |
| J<br>K<br>L<br>M (NE portion)                        | Residential 1 | Single family*<br>Industrial and most commercial is generally restricted  |
| M (SW portion)                                       | Industrial 1  | Similar to I-2, but less intensive  |

\* Uses permitted with plan review or special exception may include: Community center, golf course, fire station, park or playground, utilities including electric substation, water storage and pumping, Church, college, funeral home, nursery, farming, broadcasting, mobile homes.



### Site Access

The site is located one mile east of interstate I-59 and one mile west of downtown Gadsden. Site accessibility varies significantly across the parcels, as indicated in Figure 7. Most parcels (A, B, D, E, I, L and M) include direct access to public right-of-way. Parcel G and H are located adjacent to Randall/Hickory Street but are separated by grade from the street level which could pose challenges in constructing access. Parcel C is landlocked with no direct access to public right-of way without obtaining an access easement. Parcels F, G, and H would require access through parcel I or parcel E. Internal access roads are informal dirt or gravel.

Although rail service, provided by CSX and Norfolk & Southern, is located adjacent to the northwest corner of site, railroad use would require an agreement with the rail line and GIP. Parcels C and D are the most suited for rail given existing site rail infrastructure and proximity to the larger rail network.



View of Parcel H from Randall Street



### Site Features and Reuse Considerations

The parcels have been grouped into the following four zones for closer evaluation of the site features and reuse considerations:

- Northwest parcels (A-D)
- Eastern parcels (E-H)
- Black Creek parcels (I-L)
- California Street parcel (M)

### **Northwest Parcels**

#### **Site Features**

The northwest parcels A-D are relatively flat with informal dirt access roads and no paving. Figure 8 and the photos on the right show the former building structures that have been removed from parcels C and D, including two large coke battery structures, two brick smoke stacks, and an office. These parcels could be suited for light industrial uses such as utilities including electric substation, broadcasting, water storage, and pumping; fleet maintenance; storage yards and warehousing; and most manufacturing services.

#### **Reuse Considerations**

- Most suitable for light industrial/commercial reuse
- Access easement would be needed for parcel C
- · Remaining soil contamination issues on parcel D
- Potential for rail connection to parcel C and D if access easements negotiated; tracks owned by GIP
- · Removal for parcel C expected to be completed in next 14 months



Coke Battery Building



EPA successfully removed all permanent buildings on site to protect human safety and facilitate the productive reuse of the property.



Figure 8. <sub>Nor</sub> thwest Parcels

### **Eastern Parcels**

#### **Site Features**

The eastern parcels (E - L) contain no permanent building structures. The eastern parcels, particularly parcel H, are currently constrained by remaining slag piles and waste lagoons as illustrated in Figure 9. Parcel E is the least constrained of the set, and is relatively flat, with direct access to Chestnut Street, and contains no lagoons and very little slag. Parcel F contains some slag, but most of the property is relatively flat and unpaved which includes the three temporary aluminum storage structures that appear to be in good condition. Parcel G is also relatively flat, but requires access through parcel E or H.

Parcel H contains the waste lagoons and the majority of the slag as shown in the photos. In addition, parcels G and H contain a ditch that conveys stormwater from the majority of the GIP facility to the wastewater lagoons which discharge to Black Creek. GIP currently does not have a state water discharge permit; when obtained, permit conditions would likely clarify responsibilities for stormwater water discharges in favor or the future owner of parcel H.

EPA is currently conducting a removal action to reprocess and remove all remaining slag from the site. The slag is expected to be removed over a two to three year period, moving from north to south. Once the slag is removed, these parcels could provide nearly 150 acres near the center of town for light industrial or recreational uses. Parcel E, which has direct road access and does not contain the drainage and slag features, could easily be put into productive use in the near-term with plans for expanding south as slag is removed.



EPA conducted a metal recovery pilot and identified a cost-effective and feasible method for removing the slag piles over a two to three year period.



Drainage from the GIP facility currently flows through the lagoons and discharges to Black Creek.





Wastewater Lagoons



Slag Piles



Remaining Buildings

After Third Removal Action

Figure 9. Eastern P arcels

#### Future Reuse Zones

Figure 10 illustrates potential reuse zones based on access and site constraints. Figure 11 illustrates three potential future use scenarios, all of which integrate into the Black Creek Greenway.

- 1. Northern (50+ acres) with existing access off of Chestnut
- 2. Central (lagoons and containment) with access needed through parcel 1
- 3. Southern (50+ acres) with future access from the south

# ← ا 59 🖉 2.4 miles City-owned property Large Flat Area Proposed Black Creek Trail 1 Drainage Slag Piles 7Rept20efseet driaghd consolidated to L-1 & L-2) (3) **NORTH**

Figure 10. Eastern Parcel Zones

#### **Reuse Considerations**

- · Lagoons and containment cell will remain on site
- · Consider re-aligning parcels into northern, middle and southern properties
- Potential for phasing in reuse from north to south
- Suitable for light industrial
- · Potential expansion of adjacent fleets and facilities
- Suitable for sports fields and integration into Black Creek recreational greenway corridor



Figure 11. p otential Future Use of Eastern Parcels

### **Black Creek Parcels**

#### **Site Features**

The Black Creek parcels have no known structures or infrastructure. These parcels are primarily defined by their location adjacent to Black Creek and within the 100-year flood zone (see Figure 13). Note that parcel M is located in the 100 year flood zone as well. The Gadsden building code requires additional permit submittals for development within the 100-year flood zone, but does not restrict building. Most of these parcels are forested. The proposed Black Creek Greenway plans show the future trail crossing Parcel I on the East side of Black Creek as shown in Figure 12. Parcel L, which is not within the Superfund site boundary, is located across South 11th Street from the Martin Wildlife Park. The current residential zoning of these parcels would allow for park uses with plan approval.

#### **Reuse Considerations**

- No known contamination issues
- Most suitable for City or County ownership due to location in flood zone
- Proposed Black Creek Greenway Trail location
- Parcels could serve as extension of regional corridor connecting Noccalula Falls, Marin Wildlife Park and Lake Gadsden
- Parcel L offers 6.7 acres of flat land that could be suitable for parks or amenities



Midpoint of Black Creek

Black Creek



Figure 12. Potential Future Use of Black Creek Parcels



### **California Street Parcel**

#### **Site Features**

Although parcel M is not designated as part of the GSS Superfund Site, future use analysis of this parcel is included to the extent that it figures into a potential acquisition and long-term stewardship strategy for the GSS Site parcels. Parcel M runs down the middle of the California Street right-of-way to Little Wills Creek. As shown in Figure 12, California Street is paved on the Eastern half and unpaved from x street to Little Wills Creek. There appears to be a former pump building at Little Wills Creek. Little Wills Creek is designated as a fish and wildlife and recreational stream. This unpaved portion is also within the 100-year flood zone and could be suitable for a recreational trail ending at the creek overlook.

#### **Reuse Considerations**

- No known contamination issues
- Most suitable for City or County ownership due to location in flood zone
- Western un-paved portion could serve as an extension of the riverfront park
- Condition of former pump station unknown



Figure 14. California Street Parcel

### **Summary of Reuse Considerations**

In summary, the remaining Gulf States Steel parcels could support industrial and recreational uses depending on the location. Specific reuse considerations are summarized below:

- The California Street parcel has no known contamination. Given the location in the right-of-way, this parcel is most suited to City ownership with typical rightof-way use on the eastern portion, and potential recreational trail connecting to the creek on the western portion.
- The northwest parcels A-D are most suited to industrial reuse, given the zoning and surrounding land use. Although an access easement would be needed for parcel C, parcels A, B and D have direct road access. Rail access could be potentially negotiated for parcels C and D. There may be remaining soil contamination on parcel D, but all EPA removal actions have been completed.
- The eastern parcels E-H could support either light industrial or recreational uses. Once the slag piles have been removed, these parcels provide an opportunity to expand the adjacent Black Creek Greenway with trails around the lagoon system and active recreational use. Slag reprocessing and removal is expected to be complete by fall of 2012. Coordinating with EPA during the slag removal can help ensure the removal supports the anticipated future use as much as feasible.
- The Black Creek parcels, I-L, are located within the flood zone and therefore most suited to expand the Black Creek Greenway with habitat, trails and recreational amenities. These parcels contain no known contamination and have not been part of the EPA removal action to date. Parcel L offers seven acres of level ground that could provide recreational amenities.

### **Acquisition Considerations**

Establishing a viable owner for the GSS Site parcels is critical for the long-term stewardship of the site and the benefit of the local community. A viable owner is able to ensure that the site is returned to productive use, that the use integrates well with community goals, that the site is maintained and protected from vandalism, and that protections identified for the site remain intact in the future.

Local governments are often best situated to take ownership of such parcels because of their inherent interests in future uses at the site and in protecting their citizens from contaminant exposure, and their role in permitting and development processes. Private owners provide similar benefits and may receive additional benefits by considering centrally located urban parcels that may hold untapped or undervalued commercial potential. The final section of this assessment outlines several mechanisms for limiting liability when acquiring contaminated sites and discusses their potential application to the GSS Site parcels.

CERCLA, the federal law by which the federal response actions conducted to date are authorized, provides several landowner liability provisions that may reduce or eliminate liability for parties that acquire contaminated property. Three scenarios addressed in CERCLA are particularly significant at the Gulf State Steel Site to provide opportunities for property acquisition with limited liability exposure: (1) involuntary acquisitions; (2) eminent domain; and (3) bona fide prospective purchasers (BFPP). The first two are opportunities unique to local government, and the third is an opportunity for local governments and private entities.

The involuntary acquisition provision applies to a unit of state or local government that acquires ownership or control of a property for which it has no other associated liability for the site. This includes bankruptcy, tax delinquency, abandonment, and other circumstances in which the government involuntarily acquires title by virtue of its function. By way of this provision, the City, County or State may take title to the Gulf States parcels and avoid federal liability for existing contamination. This provision would be available for parcels in tax arrears, and possibly for those with no assessed value (and no associated taxes) under the bankruptcy aspect of this provision. The involuntary acquisition provision is a liability exemption and provides the clearest and broadest protection through which a local government may acquire contaminated property. End use of the parcels would not be a factor for this provision to apply. Consideration should be given for coordination among those entities to which the taxes are due; because the extent of tax arrears at the GSS Site parcels is limited, this is a lesser consideration at this site.

Property acquisition by local governments by means of eminent domain is provided a third-party defense under CERCLA. Should the City or County take title to the Gulf State Steel parcels for public use, CERCLA provides limited liability exposure for existing contamination. To benefit from this legal defense, the local government must prove that it has exercised due care at a site and taken precautions against foreseeable acts or omissions by any third party. Although less desirable than the complete liability exemption provided for involuntary acquisitions, the third-party defense for eminent domain provides additional opportunities for parcels to be used for public purpose. This is especially relevant for the eastern parcels that best support recreational uses and could be considered as part of public open space, parks, trails or water access.

CERCLA's BFPP provision provides a defense to liability that extends to certain purchasers of property known to contain hazardous materials. This liability provision is available to a prospective purchaser, private or governmental, who has no other liability attachment to the site, meaning that it did not generate or arrange for disposal or transportation of hazardous substances at the property. To benefit from this provision, a party must complete a comprehensive site examination, known as all appropriate inquiry (AAI). AAI's primary purpose is to identify previous site owners and activities and delineate the extent of existing contamination.

Several other considerations apply to a BFPP acquisition. A BFPP must satisfy certain continuing obligations at the site. In addition, CERCLA provides for a federal "windfall lien" that may apply to sites where EPA has unrecovered response costs; in such

instances, the property is subject to a federal lien for the increase in fair market value that is attributable to the federal response action. Currently, no windfall lien has been placed on the GSS Site parcels.

Any of the 3 forms of acquisition discussed above will require some consideration of the Gulf States bondholders. It appears the bondholders possess a \$200 million secured interest. As a result, subsequent liens on the parcels would likely be subordinate to those claims. It is unclear what, if any, interest in the parcels the bondholders would assert should a transaction be contemplated; recognizing the diminished value of the GSS Site parcels, the bondholders could play a limited role.

The GSS Site parcels, when considered from the perspective of potential future land use, as well as potential future ownership, fall into a natural coupling that highlights commercial or industrial potential on the western parcels and recreational potential on the eastern parcels. Any future property transactions involving the 13 "abandoned" parcels could incorporate those couplings with, e.g., a private buyer for the western commercial parcels, and a local government acquisition for the eastern recreational parcels, or, in the alternative, could be initiated in small parcel-specific transactions. Appendices

### Remedial History of the Gulf States Steel Site

| Date | Action                                       | Notes  |
|------|--|--|
| 1980 | Site Discovery                               |  |
| 1990 | RCRA Designation                             | Designated as a large quantity RCRA facility. EPA reviewed the site for possible inclusion on the NPL in 2002, but because the State did not concur with the findings, the site has remained a RCRA facility.  |
| 1994 | Consent Decree                               | Gulf States Steel, Inc. (or Gulf States) entered into a Consent Decree with EPA.   |
| 1994 | RCRA Facility Assessment                     | The purpose of the RFA was to identify Solid Waste Management Units (SWMUs) and to evaluate their potential for release<br>of hazardous wastes or constituents. A total of 46 SWMUs and one AOC were identified at the site, which includes Black<br>Creek.  |
| 1997 | Removal Assessment                           | Due to surface water contamination (documented levels of lead, zinc, and semi-volatile organic compounds), primarily from outfall violations at the facility, Black Creek and Lake Gadsden were subject to a removal assessment.   |
| 2000 | Administrative Order                         | The Alabama Department of Environmental Management (ADEM) issued Administrative Order No. 00-073-HW to Gulf States outlining actions required to address the violations and the items described in the EPA Consent Decree.   |
| 2001 | Remedial Investigation/<br>Feasibility Study | EPA began a Remedial Investigation/ Feasibility Study (RI/FS) of the Black Creek – Lake Gadsden OU. Results indicated that the Gulf States Steel facility was the possible continuous source of contamination entering the Black Creek – Lake Gadsden OU. Leachate from the slag piles and the outfall from the unlined surface impoundments on the eastern portion of the site were believed to have impacted the adjacent wetland area causing an increase in pH levels.   |
| 2003 | Emergency "Time Critical"<br>Removal Action  | EPA initiated an emergency removal action which determined that the potential releases of sulfuric acid and waste oil was a threat to public health, welfare and the environment. Removal actions included recovery of sulfuric acid spilled on the ground and removal of two leaking above ground storage tanks. In addition, approximately 69,000 gallons of waste oil/water was recovered from the surface of the lagoons, drainage ditches, and above ground storage tank containment areas.   |
| 2004 | Slag Pile Field<br>Investigation             | The purpose of the field investigation was to identify the presence of contaminants in soils, sediments, surface water, floating<br>oil, and groundwater at the site and to evaluate the transport of on-site contaminants into Black Creek. Contaminants<br>detected at varying levels included arsenic, metals, lead, PCBs, and beta-naphthlyamine (BNA).  |
| 2007 | Emergency Removal<br>"Time Critical" Action  | EPA conducted a Site Assessment and a Removal Site Evaluation (RSE). EPA initiated a Time Critical Removal Action in 2008 to address wastes remaining in above ground storage tanks, process vessels and drums associated with the old coke plant operations. An amendment to the action memo authorized a second removal which was completed in June 2008 to stabilize lagoon one located on the eastern portion of the site. EPA began a third removal in September 2009 to remove remaining buildings and reprocess and remove the slag piles. This final action is expected to be completed in 2012. |

For more information, please contact:

**E**<sup>2</sup> **Inc.** 2417 Northfield Road Charlottesville, VA 22901 T: 434.975.6700 - F: 434.975.6701 www.e2inc.com

