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ECONOMIC FOCUS

N.C. Dangles Legal Carrot To Lure Firms to Dirty Sites

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CHOCOWINITY, N.C. - For three decades, Singer Furniture Co. dominated this tiny coastal, village, employing up to 450 people in a sprawling factory where the water tower was taller than any building in town.

When Hong Kong-based Singer Co. shuttered the plant and the rest of the company's furniture unit last year, it left an economic void in Chocowinity, population 800. Indeed, the unemployment in Beaufort county, which includes Chocowinity, was 7.4% as of June, more than twice the state's average. But Singer also left something else: soil contamination from paint, oils and other chemicals on part of the 43-acre property.

Today, however, the old Singer is springing to life again, thanks to automobile-glass concerns AmiLite Corp. and Premier Autoglass Corp. The two are sister companies with headquarters in Baldwin, N.Y., a warehouse in Columbus, Ohio, and a plant in Lancaster, Ohio. They are closing all three facilities and relocating them in Chocowinity. Within weeks, they will ramp up operations here, employing about 150 locals.

AmiLite and Premier were attracted to Chocowinity in part by inexpensive labor and a package of financial incentives. But the clincher was a novel state program that encourages redevelopment of such contaminated sites known as "brownfields". The initiative seeks to allay potential buyers' fears of legal liability for environmental messes.

The 10-month-old program provides buyers of brownfields with written assurance that, by cleaning up sites only partially, they avoid future environmental lawsuits by the state. Under the initiative, the state lets the purchaser get by with just enough clean up to make a site safe for the particular use the buyer has in mind. If, for instance, the ground water is contaminated under a site where the water is supplied by municipal pipes rather than an underground well, the state could allow the purchaser to let the groundwater remain tainted.

The new North Carolina program is among several efforts to return brownfield

sites to commercial use. The U.S. Environmental Protection Agency, figuring that uncertainty about the cost of a cleanup is what scares away many potential buyers, awards grants to local communities to research the extent of the environmental damage that a brownfield buyer would have to fix. And North Carolina for the past decade has allowed those who created such contamination to avert state suits by fully cleaning it up.

But the new program stands out by blessing incomplete cleanups-and by "giving that particular break only to those people who are not responsible for the contamination", explains Bruce Nicholson, the official in the city of Raleigh who directs the brownfields program for the North Carolina Department of Environment and Natural Resources. It does, so he says, knowing that requiring a brownfield to be returned to pristine condition often would condemn a site to sit "idle and abandoned for quite a long time."

The program doesn't bar the state from suing the actual polluter; Mr. Nicholson says the state doesn't know whether Singer or a former saw mill is responsible for the contamination on the site, but he adds that the state has no plans to sue Singer.

The Chocowinity case is an unusual example of the program being applied in a rural area. The only site so far approved for a partial cleanup is an old textile mill that a developer plans to turn into offices in Charlotte's South End, a burgeoning former industrial district near the city's downtown. Most of the approximately 15 other applications received by the state are also in cities.

The program "has the potential to really help our rural areas even more than the urban areas," Mr. Nicholson says. "If you look at a one-horse town and you have a facility that goes out of business, it more severely impacts that town than if the facility were in a larger urban area."

Chocowinity Mayor James H. Mobley Jr. can vouch for that. He notes that the Singer plant was the biggest employer "by far". When it closed, many of its displaced workers, "didn't have the money to buy groceries," he says.

The contamination under the factory made attracting a new company difficult. Then, late last year, a broker had pitched the plant to a New York real-estate company that specializes in buying brownfield sites, cleaning them up and reselling them. The firm Dames & Moore/Brookhill, recently had bought three contaminated North Carolina sites in or near Research Triangle Park.

Dames & Moore/Brookhill's president, Charles G. Smail, admits that he "took a lot of heat" from the company's directors when he suggested buying land in Chocowinity, an hour's drive from the nearest interstate. "It's not Raleigh-Durham. It's not Charlotte," he notes. "With normal criteria, you wouldn't pick Chocowinity as your first stop, your second stop or your third stop."

But Mr. Smail liked the availability of cheap labor, and he liked the Singer plant and its 300,000-square foot warehouse, which was built a few years ago after a fire had destroyed an older building.

Mr. Smail's company contracted in February to buy the plant. It soon stumbled upon AmiLite and Premier, whose agents independently had scouted the site and others nearby.

In April, his firm applied to North Carolina's environmental agency to receive dispensation from a full cleanup. Participating in the brownfields program is "like the Good Housekeeping seal," he says.

The state's Mr. Nicholson says his agency is "very close" to approving Mr. Smail's application. Mr. Smail is so confident that his company closed on the purchase in June. AmiLite and Premier are leasing the plant until the approval. At that point, Mr. Smail's firm will pay for the necessary cleanup and AmiLite and Premier will buy the property, receiving state liability protection with the title. James Hammerschmidt, a Premier V.P., says the companies have "peace of mind" knowing that "somebody else" will resolve the environmental questions.

They don't intend to hold onto the contaminated part of the site, however. They plan to give the dirty soil-and the few aging buildings on it-to the town, which wants to turn it into an industrial park.