

# Approaches to Environmental Remediation Financing

A Presentation to the  
Contra Costa County Hazardous Materials Commission



# Topics

- Environmental liability transfer - a brief history
- TRC Exit Strategy<sup>TM</sup> today
- Federal and state funding mechanisms
- State Proposition 1 Water Bond funding mechanisms



# Environmental Liability Transfer

*(A Strategy for Remediation Risk Resolution)*

## A Brief History

- 1996-2007 : Most common strategy - environmental liability transfer supported by cost cap insurance as a risk mitigation tool
  - Insurance covers cost overruns associated with planned remediation
  - Liability transfer could include TRC taking title to real estate
  - *Not all TRC Exit Strategy<sup>TM</sup> contracts incorporated this strategy or involved cost cap insurance!*
- ~2007-2009 :
  - Loss ratios for insurers grew high
  - Financial crisis significantly impacts largest underwriter
  - Cost cap policies phased out and were generally no longer available after 2009

East Canyon Landfill  
Benicia



GBF/Pittsburg Landfill  
Antioch



# TRC Exit Strategy<sup>TM</sup> Today

- Goal is the same: Remediation risk resolution that satisfies client's business objectives
- Insurance is still used as part of *a broad, holistic strategy in which TRC and our clients align interests, and share in risk/reward*
- Pollution liability insurance:
  - Integrated into the broader risk resolution structure
  - Available and commonly used
  - Covers one or more of:
    - Third party claims (bodily injury, property damage)
    - Cleanup costs for previously unknown contaminants and agency re-openers
    - Offsite disposal liability, waste transport liability
  - Can cover multiple shareholders (seller, buyer, future buyers, lenders)
- Cost cap insurance market is limited:
  - Coverage not as broad (e.g., no unknown contaminants)
  - Very few policies written post ~2010



**Confidential  
industrial site  
San Jose**



# Shared Interest - What's the Point?



## Traditional Consultant Engagement:

- Time and materials – hourly rates
- Environmental risks – highly variable
- Change orders occur
- Clients may not be able to rely on estimated remedial costs
- Remediation often begins without fully defining site conditions or the client's end use/business goals
- *Consultant benefits when problems gets worse or project drags on*

## Risk Sharing:

- Fully define upfront the client's end use/business goals
  - Invest in upfront risk definition, estimation
- Fully examine remedial alternatives to achieve the client's goals
- Develop a strategy that aligns consultant's interests with those of the client
  - Where problems resolve easily, everyone shares in the reward
  - Where problems get worse, every feels a little "pain"
  - Consultant puts "skin in the game"
- Use risk management tools to close risk gaps – insurance, indemnification, escrow/trust
- Goal – Provide assurance of resolution of regulatory obligations
- Maximize cooperation, focus on completion/schedule performance, maximize efficiency

## **Available Funding – EPA/Federal Brownfields Grants**

- Who can apply? *Government, tribes, non-profits (for 4 of 6 programs)*
- Property may be publicly or privately held
- Neither grant recipient nor owner can be responsible for contamination

# Available Funding – EPA/Federal Brownfields Grants

## Assessment

- \$200,000-\$750,000 with no match required
- Site-Specific or Community-Wide
- Assessment and Cleanup Planning

## Cleanup

- \$200,000-\$600,000 with 20% match
- Must own property
- Cleanup Planning and Cleanup

## Revolving Loan Fund

- \$1 million with 20% match
- Government
- Loan amount and interest return to grantee



*Former lumber mill  
"The Landing", City of Mt. Shasta*

# Available Funding – EPA/Federal Brownfields Grants

## Job Training

- \$200,000 with no match
- Government and nonprofit
- Tailor training to market demand (cleanup, etc.)

## Targeted Brownfields Assessments

- Contractor Assistance
- Near-term redevelopment at a smaller scale

## Area-Wide Planning

- \$200,000
- Brownfield Area Wide Plan



# **Available Funding**

## **Department of Toxic Substances Control (DTSC/State)**

### Revolving Loan Fund (RLF)

- Simple interest loans and grants
- Borrower cannot be responsible
- 10% Owner equity match
- Loans up to \$900,000
  - Public or private, but must control property
- Sub-grants up to \$200,000
  - Local governments, non-profits, housing authorities, school districts, tribes

# **Available Funding**

## **Department of Toxic Substances Control (DTSC/State)**

### Targeted Site Investigation (TSI)

- No cost assessment
- Work done by DTSC contractor
- Typical project \$75,000
- \$325,000 available for 2015-2016
- Same groups eligible as for grants

# Available Funding

## State Water Resources Control Board (SWRCB)

- Orphan Site Cleanup Fund (OSCF) has expanded coverage
- Release from on-site petroleum UST
- Maximum \$1 million
- \$10MM available ending Jan. 1, 2026
- Cannot be eligible for State UST Cleanup Fund
- Any entity except State or Federal
- Did not cause release or affiliated with such party
- Owns or has access to property
- May include UST removal
- Can include additional cleanup costs from previous closure



*USPS facility  
Hayward*

# **Proposition 1 Water Bond Funding - \$7.545B**

\$520M : Clean, Safe, and Reliable Drinking Water

\$1.485B : Ecosystem and Watershed Protection

**\$810M : Regional Water Security**

\$2.7B : Water Storage Projects that Benefit the Delta

**\$725M : Water Recycling**

**\$900M : Groundwater Sustainability**

\$395M : Flood Management

## Proposition 1 Water Bond Funding

# Details of Potential Interest for the Northern Waterfront

### \$810M Regional Water Security

- \$510M : Integrated Regional Water Management Projects (water reuse and recycling, water conservation, storage, stormwater resource management, water desalination projects, improvement of water quality projects appropriated over California hydrologic regions, including \$65M for San Francisco Bay) (*public scoping meeting summer 2015*)
- \$100M : Water Conservation Programs
- \$200M : Stormwater Management Projects - fund managed by SWRCB (*draft funding guidelines by 4/16, public workshops 5/16, final funding guidelines 6/16*)

### \$725M Water Recycling

- \$625M : Water Recycling Funding Program - fund managed by SWRCB (*draft funding guidelines 2/15, public workshops 4/15, final funding guidelines 6/15*)

### \$900M Groundwater Sustainability

- \$800M Prevention and Cleanup of Contaminated Groundwater - fund managed by SWRCB (*draft funding guidelines 4/16, public workshops 5/16, final funding guidelines 8/16*)
- \$100M Development of Groundwater Management Plans - fund managed by Department of Water Resources



**Thank You.**



***Questions?***