Department of Environment, Climate Change and Municipalities
Pollution Prevention Division

## Guidance Document

**Title:** **Impacted Sites Liability Assessment Program (ISLAP)**

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**Issue Date:** **March 24, 2021**

**Approved By:** Robert Locke Digitally signed by Robert Locke Date: 2021.03.24 14:03:14 -02'30'

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# 1 INTRODUCTION

## 1.1 SUBJECT

Annual review of environmental liabilities in accordance with the Impacted Sites Liability Assessment Program (ISLAP).

## 1.2 OBJECTIVE

The objective of this guidance document is to:

Establish policies and procedures for the annual review of environmental liabilities, with emphasis on:

- Determining when updates to estimated costs of environmental site assessment (ESA) and remediation are required; and
- Identifying annual review documentation requirements for all Government of Newfoundland and Labrador (GNL) departments.

## 1.3 BACKGROUND

The Public Sector Accounting Board (PSAB) issued Section PS 3260 (Liability for Contaminated Sites) in the Public Sector Accounting Handbook in June 2010. This Section establishes standards on how to account for, and report, a liability associated with the measures required to address environmental impacts at a given site. It applies to all public sector entities that follow Public Sector Accounting Standards. The requirement to comply with this standard began on April 1, 2014 and continued every fiscal year going forward. Both the Office of the Comptroller General (OCG) and the Auditor General (AG) have recognized the need to comply with this standard.

ISLAP was developed to bring the GNL Public Accounts Reporting into compliance with the PSAB standard for reporting requirements of PS 3260. This process was developed by the Department of Environment, Climate Change and Municipalities (ECCM) and the OCG in order to evaluate and quantify GNL's PS 3260 environmental liabilities for the annual Public Accounts Reports. ECCM completes this evaluation, annually, for GNL departments based upon the information they provide.

In February of 2014, the AG wrote each government department that had previously identified impacted site liabilities, informing the respective Deputy Minister's (DM) of the existence of PS 3260 and the required implementation date. The **Impacted Sites Liability Assessment Program (ISLAP) Implementation Plan** (see **Appendix A**) was developed to facilitate the process so that a consistent approach to quantifying environmental liabilities could be applied across government departments and agencies that follow Public Sector Accounting Standards.

During the initial ISLAP implementation phase, processes were established by ECCM and the OCG to support the preparation of estimates to quantify the potential environmental liability for impacted sites. Information and data was collected from each department that owns, or is responsible for, real property to populate a database for GNL's impacted sites. ECCM manages this database.

Each fiscal year, all departments that own real property are responsible for reporting their environmental liabilities to ECCM. Ongoing effort is required by all departments to review and update the information that has been provided on their existing impacted sites. Departments are also required to advise ECCM when further environmental site assessment and remediation work has been completed on their impacted sites as this may affect liability estimates. ECCM officials also review information pertaining to new impacted sites as they are identified and evaluate them under ISLAP.

This document serves as guidance for departments that are required to conduct an annual review and provide updates to ECCM on their respective impacted sites. Key ISLAP compliance dates and roles and responsibilities are discussed in further detail in **Section 3.1.3** and **Section 3.1**, respectively.

## 1.4 LEGISLATION

The applicable legislation relating to the ISLAP process includes:

- *Environmental Protection Act*, Sections 8.1, 9, 12, 13(a), 16, 26(2), 28, 29(a) and 29(b);
- *Financial Administration Act*;
- NL Department of Environment, Climate Change and Municipalities Policy Directive, Management of Impacted Sites, PPD05-01, and associated guidance document; and
- *Transparency and Accountability Act.*

# 2 PS 3260 DETERMINATION PROCESS

The estimate of a liability, as outlined in the PS 3260 accounting standard, "…should include costs directly attributable to remediation activities. Costs would include post-remediation operation; maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site. The estimate would include costs of assets acquired as part of remediation activities to the extent those assets have no alternative use. Directly attributable costs would include, but are not limited to, payroll and benefits, equipment and facilities, materials, and legal and other professional services."

In general, the environmental liability of a site is composed of:

- The cost of conducting ESA work (to determine the scope of impacts),
- The cost to develop a Remedial Action Plan (RAP) (to address the risk from impacts); and
- The estimated remediation, risk assessment and risk management costs.

For specific examples, please refer to **Appendix A – ISLAP Implementation Plan, Section 3.3.1 Estimating Costs.**

While there is no minimum amount of assessment work that must be completed, site assessment work must be carried out in a manner that is in line with ECCM's Guidance Document for the Management of Impacted Sites. This typically involves completing a Phase I/II ESA, followed by further delineation of impacts through a Phase III ESA. Phased ESAs are completed in accordance with industry-accepted standards and the Canadian Standards Association (CSA) standards Z768-01 and Z769-00. When the scope of impacts at a property have been defined, a RAP is developed to examine options for remediation, risk assessment or risk management at an impacted site. Ultimately, once all impacts have been addressed to the satisfaction of ECCM, regulatory site closure is obtained and the environmental liability of a site becomes zero.

For the process described, please refer to **Appendix A – ISLAP Implementation Plan, Appendix A – The Environmental Site Assessment Process.**

ECCM has developed a four-step process to be applied to all impacted sites across GNL in a consistent manner:

1. Identify potential impacted sites;
2. Recognize which sites are PS3260 liabilities;
3. Measure liabilities; and
4. Report liabilities.

## 2.1 STEP 1 – IDENTIFICATION OF POTENTIAL IMPACTED SITES

A site is impacted when a chemical or physical hazard exists in environmental media that could potentially be harmful to human health or the environment. This occurs when contaminants at a given site exceed the maximum acceptable levels of established environmental standards.

It is important to note that GNL refers to “impacted” sites whereas the PS 3260 accounting standard refers to “contaminated” sites. For the purpose of ISLAP, the terms have the same definition (as defined in PS 3260). However, because the *Environmental Protection Act* (EPA) has a specific process and distinct regulatory definition of a “Contaminated Site”, GNL will use the term “impacted site” to avoid any misconception that the Minister of ECCM has declared these sites to be “Contaminated Sites” under the EPA.

Sites that fall under the scope of PS 3260 may include:

- Government owned/operated sites that are no longer in productive use, such as abandoned military sites and inactive public works facilities.
- Non-government owned/operated sites that are no longer in productive use for which government accepts responsibility, such as abandoned gas stations, orphaned or abandoned mine sites and inactive dry cleaner sites.
- Sites where there are changes to environmental standards relating to all or part of an operation that is no longer in productive use. For example, an existing site may not have had a requirement to remediate within current standards. However, if there has been a change to the respective standard that renders it more stringent, the site may require re-assessment.
- Government owned/operated sites in productive use that have experienced an unexpected event resulting in impacts, such as an accidental leak or spill.

## 2.2 STEP 2 – RECOGNITION OF PS 3260 IMPACTED SITES

An environmental liability should be recognized when all of the following five (5) mandatory recognition criteria are satisfied, as of the financial statement date. As discussed in **Section 3.1.2 – Roles and Responsibilities**, the determination of whether or not a site is a recognized PS 3260 liability will be completed by ECCM.

1. **An environmental standard exists.** The ECCM Guidance Document for the Management of Impacted Sites outlines the applicable standards and procedures for addressing impacted sites. If there is no environmental standard, then there is no liability. For example:

    a. Asbestos is typically a health and safety issue and not an impacted sites issue.

b. Mould does not have an environmental standard and does not constitute an environmental liability.

2. **The contamination exceeds the environmental standard.** When determining if the level of impacts exceeds the environmental standard, all available historical and current information pertaining to the site or group of sites must be reviewed. Factors to consider would include the nature of past activities at the site or adjacent properties; site location, hydrology and geology; results from testing and field investigations (ESA work); similarities to/experience with other known impacted sites; and significance of the site.

3. **Government is directly responsible or has accepted responsibility for the impacted site.** A liability for remediation may arise from a legal obligation or it may be assumed from the actions and communications of government. Consideration will be given to whether there is a present obligation arising from a past event where government has created a valid expectation among others that leaves it no realistic alternative but to remediate an impacted site.

4. **It is expected that future economic benefits will be given up.** It has to be considered whether it is expected that GNL will incur costs to remediate an impacted site. There may be circumstances were government does not intend to remediate an impacted site, or there may be situations where government is not required to remediate an impacted site.

5. **A reasonable estimate of the liability can be made,** i.e. an estimate of the cost required to fully assess and remediate the impacted site(s). Estimated costs shall include all phases of ESA work and remediation activities outlined in a RAP. In the absence of ESA information, liability is estimated by ECCM through use of professional judgement and technical expertise.

Whether or not a department has a budget to remediate an impacted site(s) during any one fiscal year does not necessarily determine whether GNL is expected to remediate the impacted site(s). It is an assessment based on a collection of information that the department has regarding the impacted site. For example, if a department has communicated publicly that it is committed to cleaning up the impacted site, then a valid expectation may be created that the department intends to do as such. As another example, if an impacted site is left unaddressed, there may be health and safety concerns towards humans and the environment that may create an expectation that the impacted site will require remediation.

Where possible, the department responsible shall provide the information and supporting documentation on all impacted sites, **regardless if they meet all mandatory five (5) criteria**. While these impacted sites may not satisfy the criteria required to become a reportable liability, the accounting standard requires consideration as to whether the departments should disclose these sites in the notes to the Province's financial statements (the Public Accounts) see **Appendix B – Decision Tree – Liability for Contaminated Sites**. Ultimately, it is the responsibility of each department to

disclose these impacted sites in the notes to their Public Accounts submission. The departments will need to exercise professional judgment based on the information they have available to them in relation to the specific circumstances for each impacted site.

ECCM is responsible, from a due diligence perspective, to ensure any such determinations are consistent with similar sites and comparable circumstances as reported by the various departments. Where discrepancies are found, ECCM shall discuss with the department responsible to determine whether the reporting is appropriate. See **Section 3.1.2 – Roles and Responsibilities**.

### 2.3 STEP 3 – MEASURE LIABILITY

PS 3260 requires that the estimated environmental liability of impacted sites are those costs that are required to bring the impacted site to acceptable levels. ECCM requires that a Registered Site Professional be retained to complete the required ESA work, develop RAPs and oversee site remediation or risk assessment activities.

The level and severity of the impacts at a site and associated potential risk to human or ecological health is assessed through the ESA process, which is discussed in more detail in **Appendix A – ISLAP Implementation Plan.**

### 2.4 STEP 4 – REPORTING OF ENVIRONMENTAL LIABILITIES

As discussed in **Section 3 – Environmental Liability Assessment Process**, each department is responsible for conducting an annual review and for providing updated information regarding their impacted sites to ECCM on an annual basis. ECCM compiles this information in a report that is used by the OCG to prepare the impacted sites liability section of the Public Accounts. ECCM provides each department with their ISLAP Report, which includes:

- Letter Summary;
- Summary Spreadsheet; and
- ISLAP Evaluation Forms.

This will be discussed further in **Section 3.1 – Roles and Responsibilities**.

# 3 ENVIRONMENTAL LIABILITY ASSESSMENT PROCESS

Environmental liability cost estimates shall be reviewed annually. OCG officials are required to provide their expertise in applying the accounting standards while ECCM officials are responsible for assisting each department, as necessary, as well as compiling all information that has been provided by each department. It is important that departments review their liability estimates annually to ensure that the information provided to EECM and the OCG is accurate and current.

## 3.1 ROLES AND RESPONSIBILITIES

### 3.1.1 Departments

**Identification or Confirmation of Key Contacts –** Annually, each department must specify Key Contact(s) who are responsible for submitting ISLAP information and supporting documentation to ECCM. This Key Contact should be someone who is familiar with the department's operations and facilities. If the Key Contact has not changed since the previous year, this must be confirmed to ECCM. If a new Key Contact(s) has been appointed, the name(s) must be provided to ECCM by the date specified in **Section 3.1.3 – Review Schedule and Compliance Dates**.

**Identification of New ISLAP Sites** – Annually, each department must identify any new actual or potential impacted sites that have been added to their portfolio since the last year's reporting period. In circumstances where a Site Professional has been retained to assess these newly identified impacted sites, the cost associated with the undertaking and any proposed future work will be evaluated and may be included in the liability estimate for that site. Ideally, a Site Professional can provide the department responsible with a detailed cost estimate that will bring the impacted site to regulatory closure. Any information on these newly identified impacted sites must be provided to ECCM by the date specified in **Section 3.1.3**.

**Review and Update Existing ISLAP Sites** – Annually, each department must review all information that has been previously reported to ECCM. The departments are required to check the validity of the information that has been provided to date and shall inform ECCM of any discrepancies. The departments must also inform ECCM of any to perform remedial work. A Site Professional would be able to provide the departments, and subsequently ECCM, with detailed cost estimates of future work at this site. All supporting documentation, including costs of work completed, must be provided to ECCM by the date specified in **Section 3.1.3**.

#### *3.1.1.1 ISLAP Checklist*

Appendix C contains the ISLAP Checklist, which shall be part of each department's annual ISLAP reporting submission to ECCM. **The completion of the ISLAP Checklist is mandatory and must be completed annually for each impacted site for which the department is responsible.** The departmental Key Contact must complete the ISLAP Checklist, including the ISLAP site name, ISLAP

number (i.e. TW-001) and the previous year's estimate. If it is a new ISLAP site, the previous year's estimate would be zero.

Factors to consider when completing the ISLAP Checklist are discussed below:

1. Is the site a new or previously existing ISLAP site under this year's report?

2. Has any ESA or remedial work been completed at the site since last year's report?

It must be indicated on the ISLAP Checklist if the site is a newly identified ISLAP site since previous report. Subsequently departmental officials must indicate if and when any ESA or remedial work has been performed at each site and provide all supporting documentation (reports and costs) to ECCM. If no work has been performed, it must be indicated if the department intends to complete any ESA or remedial work at the ISLAP site. Accuracy of the environmental liability estimate depends on how much ESA work has been completed at the site. Generally, the earlier in the assessment process, the less accurate the liability estimate.

3. Have there been any additional impacts identified since last year's report?

4. Is there evidence to demonstrate that impacts from the site have migrated to off-site properties?

Departmental officials must indicate if recent work has shown a change in scope of impacts (larger area affected, additional contaminants of concern present). Additionally, it must be confirmed whether or not impacts on a site may be affecting adjacent properties.

5. Has a RAP been developed for the site?

Departmental officials must indicate if a RAP has been developed to address impacts at a site, or if further ESA work is required before determining course of remedial action. Documentation must be provided.

6. Has the department conducted an annual review of the liability estimate for the site?

Each department shall conduct their own annual review of their environmental liabilities for each site. Liability estimates that are based on ESA work would be reassessed when:

   a. Advancements in technology have been identified by the responsible department;

   b. Site conditions have changed; or

   c. Changes to applicable standards have been identified.

It is important to note that ESAs, HHERAs and RAPs do not have a generic 'shelf life.' In other words, there is no technical or regulatory basis to revaluate every report after 'X' number of years. The annual reviews performed by each Department and documented in the ISLAP checklists will identify any known considerations that warrant liability reassessments.

Departments should consider if any of the following are applicable for their impacted sites:

7. Have there been any changes in land use?
8. Have there been any changes in development, such as new construction, infrastructure removal or potable well installation?
9. Have there been any changes in proposed remediation strategies?
10. Are you aware of any changes in remediation technology?
11. Are you aware of any changes in applicable legislation or standards?

By completing the ISLAP Checklist, each department is accountable for the accuracy of their own impacted sites liability assessment report.

If the answers to any of the Questions 3 through 10 on the ISLAP Checklist are 'yes', then the department must provide any and all documentation that would support the potential change to liability estimate for that particular site.

If the answers to Questions 3 through 10 on the ISLAP checklist are 'no', then adjustment for inflation is required. Inflationary adjustments should be included as part of each department's submission to ECCM. Where a response of 'no' for Questions 3 through 10 is provided on the ISLAP checklist, it is the department's responsibility to document and support how they came to that conclusion. This documentation may include such items as documented site visits by departmental officials, updated environmental assessment reports, site monitoring reports, documented risk management decisions, documented conversations with ECCM officials regarding changes in standards and/or technology or other forms of documentation which demonstrate the due diligence conducted by departments when conducting an annual review of their impacted sites.

### 3.1.2 ECCM

It is the responsibility of ECCM officials to collect and compile all information and supporting documentation that the departments have obtained regarding their impacted sites. Documentation can include any form of correspondence, emails, RFPs, Proposals, ESA Reports, Environmental Site Remediation Reports, Records of Site Condition, etc. Information must be provided to ECCM by the date specified in **Section 3.1.3**. ECCM will verify, review and evaluate all information and the supporting documentation provided from the departments.

As new sites are identified, ECCM will evaluate the information and supporting documentation related to these sites to determine if there are reportable environmental liabilities. The potential liability assigned to a new site is dependent upon any environmental site assessment work that has been performed. **Section 3.3.1 – Estimating Costs of the ISLAP Implementation Plan (Appendix A)** contains approximate cost ranges for ESA work. Costs for ESA work generally exist within a standard range; however, remediation cost estimates are both the most significant and the most uncertain. It is difficult to accurately predict the degree of remediation, risk assessment or risk management required at a site until at least some environmental work has been completed.

Disbursements are reflected as deductions against the liability estimate.

ECCM officials will determine if sites have a recognized environmental liability by evaluating if the PS 3260 mandatory recognition criteria, as discussed in **Section 2.2**, are satisfied as of the financial statement date. A tool used to assist ECCM in this determination is contained in **Appendix B – Decision Tree for Liability for Contaminated Sites**. The decision tree is taken from the PS 3260 accounting standard. New ISLAP Site(s) require no action with respect to inflation as these sites will require a thorough evaluation from ECCM to determine a liability estimate for the current year. As well, existing ISLAP Site(s) that have an update or a change over the past year will also require a thorough evaluation from ECCM to determine whether there is an update or change to the existing liability estimate.

For the existing ISLAP Site(s) that do not have a need for liability reassessment as identified through the ISLAP checklist, an inflation adjustment shall be applied by ECCM to the existing liability estimate to reflect current value. Unless a Site Professional is retained to conduct further ESA work, or develop and implement a RAP, and, ultimately bring the impacted site to closure, then the estimated liability will remain a reportable liability to Public Accounts.

**Calculating Inflation**

Inflation measures how the value of currency changes over time. Inflationary adjustments should be prepared for any remediation cost estimates that were determined in previous fiscal years. Inflation is not a separate component or cost of remediation, but rather a part of the process in determining the liability to ensure that the estimated cost of remediation is based on current year dollar values.

For contaminated sites that HAVE NOT had any changes during the current fiscal year or have not had any changes to the cost of remediation for the site, the following formula should be applied to update the contaminated site liability for inflation:

$$\text{Contaminated Site Liability for the Current Year} = \left\{ \frac{\text{CPI for the current fiscal year}}{\text{CPI for the prior year}} \right\} \times \left\{ \text{Previously Reported Contaminated Site Liability} \right\}$$

For contaminated sites that HAVE had remediation work performed during the current fiscal year or have had changes to the cost of remediation for the site (other than inflation changes), ECCM will update the cost estimates for inflation, where necessary, after consideration of the changes reported by the department that have occurred in relation to the site.. ECCM will discuss such changes with the Government Accounting Division of the Office of the Comptroller General as necessary.

To obtain the CPI rate for each respective year, please refer to the Bank of Canada website at: Consumer Price Index, monthly, not seasonally adjusted (statcan.gc.ca). For consistency, please select Canada for the Geography, use the 'All-items' product group and select March, or the next closest period, of the year in question (current year vs. prior year).

To assist in preforming this calculation, the Bank of Canada has also provided an Inflation Calculator which can returned the inflated cost based on the input of the relevant data (i.e., cost and years). The Inflation Calculator maybe found at Inflation Calculator - Bank of Canada. Should you have any question on how to perform the inflation calculation, please contact the Government Accounting Division.

The CPI should be factored into the valuation based on the date of the last liability estimate. For example, if the estimate is based on a report that was issued in 2005, the cost estimate should be brought up to date to reflect **current year dollars using the estimated CPI rate as at March 31st.**

The results of ECCM's evaluation will be included on the ISLAP evaluation forms for the respective sites and will include the rationale for any adjustments to costs reflected in the current reporting period. For an example of an ISLAP evaluation form, **Appendix A – ISLAP Implementation Plan, Appendix B – ISLAP Site Evaluation Form.**

All information used to develop updated environmental liabilities for each site will be summarized in a letter, which will be provided by ECCM to departments along with a summary spreadsheet and an updated ISLAP evaluation form.

### 3.1.3 Review Schedule and Compliance Dates

In order for departments to be in compliance with the ISLAP Process, the milestones below must be adhered to.

| Action | Responsibility | Annual Compliance Date |
|---|---|---|
| Identify departmental ISLAP Key Contact(s) | Departments | February 1 |
| Provide previous year ISLAP Package to departments for review | ECCM | February 8 |

| | | |
|---|---|---|
| Provide completed ISLAP Checklist and all documentation to ECCM | Departments | March 24 |
| Release of ISLAP Evaluation Packages to departments and OCG | ECCM | April 24 |

# 4 REFERENCES

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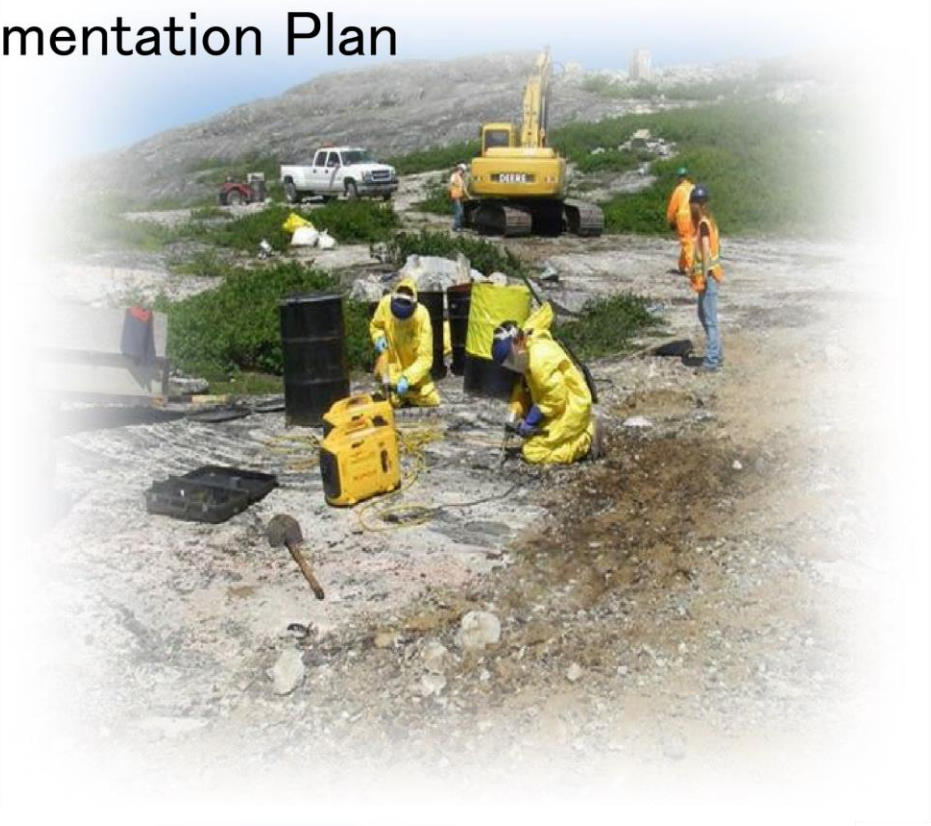
# APPENDICES

# APPENDIX A

## ISLAP IMPLEMENTATION PLAN

# Impacted Sites Liability Assessment Program

## Implementation Plan



May 2014

Newfoundland Labrador

Environment and Conservation

# Impacted Sites Liability Assessment Program

## Implementation Plan

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# 1.0 INTRODUCTION

The Impacted Sites Liability Assessment Program (ISLAP) has been developed to bring the Government of Newfoundland and Labrador's (GNL) Public Accounts Reporting into compliance with the Public Sector Accounting Board's (PSAB) standard for reporting liability for contaminated sites (PS3260).

> *It is important to note upfront that GNL refers to "impacted" sites whereas PS3260 refers to "contaminated" sites. For the purpose of this program the terms have the same definition (as defined in PS3260). However, due to the fact that the Environmental Protection Act (EPA) has a specific process and distinct regulatory definition of a "Contaminated Site", GNL will use the term impacted site to avoid any misconception that the Minister of Environment and Conservation (ENVC) has declared these sites to be "Contaminated Sites" under the EPA.*

This process has been developed by ENVC and the Office of the Comptroller General (OCG) to be used by the ISLAP Team to evaluate and quantify GNL PS3260 liabilities for the 2014-15 fiscal year Public Accounts Reports. For the initial implementation project, in the absence of detailed environmental site assessment work, processes will be established to support the preparation of estimates for impacted sites to quantify the potential remediation liability. It is also recognized that once the initial project to quantify these liabilities is complete, additional efforts will be required on an ongoing basis to review and update existing sites as further assessment and remediation work is completed, perform discounting, adjust for inflation where required, as well as evaluate additional sites as they are identified. In this respect, appropriate procedures will be provided on a go forward basis. During the initial stage, the ISLAP Team will compile information and prepare estimations for liabilities relating to impacted sites per PS3260 and provide progress reports throughout this phase.

# 2.0 BACKGROUND

PS3260 of the Public Sector Accounting Handbook has been developed to provide recognition, measurement, presentation, and disclosure requirements for environmental liabilities associated with impacted sites. Compliance with this standard is required for fiscal years starting April 1, 2014. Both the OCG and the Auditor General (AG) have recognized the need to comply with this standard.

In February of 2014 the AG wrote each government department that had previously identified impacted site liabilities, informing the respective Deputy Minister's (DM) of the existence of PS3260 and the required implementation date. Based on these letters, a meeting was held between the DM of ENVC and officials, the DM of The Department of Finance (Finance) and officials, and the Comptroller General. At this time it was agreed that ENVC was in the best position, in terms of technical expertise, to assess the liabilities for all of

GNL. The ISLAP implementation plan was developed to facilitate this process so that a consistent approach could be applied across government departments and government organizations to quantify impacted site liabilities.

# 3.0 PROCESS

ENVC and the OCG have put in place a team of impacted sites and accounting experts to implement the initial ISLAP project. The team is comprised of ENVC staff including a dedicated contract Manager of Impacted Sites position (one year) as well as a portion of time from three Environmental Engineers and an Environmental Scientist. The team also includes a member from the OCG who will work with the team during the process to help clarify issues related to the evaluation and reporting stages as well as provide guidance for documentation requirements. This team has significant experience in the areas of impacted sites assessment, remediation and public sector accounting.

The ISLAP Team has developed a four step process to be applied to all sites across GNL in a consistent manner:

1) Identify potential impacted sites;

2) Recognize which sites are PS3260 liabilities;

3) Measure liabilities; and

4) Report liabilities.

## 3.1 STEP 1 – IDENTIFYING POTENTIAL IMPACTED SITES

Since 2011 ENVC has been gathering information on GNL impacted sites and has compiled this information in a database. The type of information in this database includes; site name, nature of impacts, dates identified, whether government is responsible, operational status of the property, status of regulatory closure, assessment and remediation costs to date, estimated remediation costs remaining, as well as general concerns and additional comments. Each year ENVC requests that all departments and government organizations provide this information for the database. As of March 31, 2014 the database identifies 176 GNL sites (excluding Nalcor), 108 of which have no liability cost estimates.

In addition to the information within ENVC's GNL Impacted Sites Database, each year the OCG requests similar information from each government department and government organization to use in the annual Public Accounts Reports. While some of the specific information is similar there is also different information requested by each department.

To ensure that the most up to date information is presented, ENVC and OCG shall combine efforts to make a single approach to GNL departments and government organizations to identify and provide information related to impacted sites. Additionally, efforts and discussions will take place with key departments that have property management

responsibilities, and have historically reported impacted sites. These include the Department(s) of:

- Education;
- Fisheries and Aquaculture;
- Innovation, Business and Rural Development;
- Natural Resources;
- Transportation and Works;
- Environment and Conservation; and
- The Newfoundland and Labrador Housing Corporation.

When identifying potential impacted sites, the following aspects in terms of where a liability for remediation may result should be considered:

1) **The contamination must impact the air, water, or soil.**
   For example: A former hospital where the only suspected issue is asbestos insulation and lead paint would not be a PS3260 liability, unless the lead and asbestos have impacted the soil, groundwater or air.

2) **The site is normally closed, abandoned, or no longer in productive use. Further, these potential sites could be related to the operations of government or government organizations or operations outside of government where responsibility has been assumed.**
   For example: An abandoned highways depot, owned by government, if impacts are suspected or an abandoned mine on crown land where there is no third party to assume responsibility were impacts are suspected.

3) **Changes to environmental standards would have to be reviewed and applied.**
   For example: An existing site, which has not been granted regulatory closure, may have been identified as a site in which there is no requirement within current standards to remediate. However if there has been a change to the respective standard that may require remediation to be performed the site may have to be reassessed.

4) **An unexpected event resulting in contamination.**
   For example: An accidental chemical spill that has occurred in a water supply.

Further, in identifying potential impacted sites, the following items are to be considered in relation to the scope of PS3260:

1) **Costs associated with tangible capital assets which do not exceed the post remediation economic benefit or fair value of an asset are not included within the scope of PS3260.** For example: These costs would be capitalized under another

particular accounting standard. If there was a redevelopment of an impacted site that is not currently in productive use (e.g. building), for an alternate use or to be sold, it would be reported on using guidance outside of PS3260 to the extent that costs do not exceed the future economic benefit or the post remediation fair value. However, any costs in excess of the future economic benefit of the related asset, or the post remediation fair value of the asset if held for sale, would be considered in relation to PS3260.

2) **Liabilities associated with the retirement of long-lived tangible capital assets are not included in PS3260.**

   For example: Legally enforceable obligations required to be completed when a mine is abandoned or no longer in productive use (e.g. pit rehabilitation and building demolition) which are outside of contamination impacts per PS3260.

3) **Liabilities associated with the disposal or sale of long-lived tangible capital assets are not included in PS3260.**

   For example: Privatization of water utility.

4) **Liabilities associated with the closure and post-closure of a solid waste landfill site are not included in PS3260; the only exception is when impacts are related to a spill or release of contamination.**

   For example: Costs associated with closure of an old landfill site would not be a PS3260 liability as such costs would be addressed under another accounting standard. However, if there is a section of the landfill where hazardous chemicals were dumped and leachate from the site has subsequently as contaminated ground water and drinking systems adjacent to the site, it would be assessed within PS3260.

Once a complete list of potential impacted sites has been identified and basic information has been gathered the next step will be to compare each site to the recognition criteria as outlined in PS3260. Consideration will be given as to whether an impacted site may be reported and recognized as a liability or if it will be reported and disclosed as a contingent liability. Further, it will be ensured that reporting details are obtained and supported through adequate documentation in both scenarios as detailed below in relation to recognition.

## 3.2 STEP 2 – RECOGNITION OF PS3260 IMPACTED SITES

PS3260 sets out very specific criteria for recognizing an impacted site as a liability. It is important that each site be taken through these criteria to determine if the site is to be reported as a PS3260 liability. For a liability for remediation per PS3260, all of the following recognition criteria must be met:

1) **An environmental standard exists.**

ENVC has a Management of Impacted Sites Policy which outlines the applicable standards and procedures for addressing impacted sites. It includes references to standards for petroleum hydrocarbons, PCBs, PAHs, pesticides, heavy metals, and other common contaminants. ENVC staff will use the guidelines in this policy to be able to quickly confirm whether or not the suspected contaminant has a standard. If there is no standard the policy allows for selection of applicable standards from other jurisdictions (i.e. another province or country) as appropriate.

2) **The contamination exceeds the standard.**

In the absence of confirmatory sampling information, the ISLAP Team will assess impacted sites in relation to applicable standard as previously identified. Professional judgment will be applied to assess if suspected impacts exceed the standard. This will include a determination based on all available information which would include things such as historical records, spill reports and other site specific information.

3) **GNL is directly responsible or has accepted responsibility for the site.**

A liability for remediation may arise from a legal obligation or it may be assumed from the actions and communications of government. Through the exercise of professional judgment, consideration will be given to whether there is a present obligation arising from a past event where government has created a valid expectation among others that leaves it no realistic alternative but to remediate an impacted site.

- For example: Through a legal process, it has been determined that government is responsible to clean-up environmental contamination on an acquired property.
- For example: For impacted sites that government does not own, like abandoned mines on crown land it would have to be determined if government has accepted responsibility. It is to be noted that a budget commitment for general remediation would not constitute accepted responsibility. In applying professional judgment, consideration will be given to each specific scenario. Examples of evidence that may be considered could include: whether appropriate authority have been given to a specific remediation plan that identifies specific locations of sites; communication to those directly affected (i.e. public consultation, info. sessions); a time frame for remediation work and the planned level of reduction. These aspects may be assessed in consultation with the OCG in determining if government has accepted responsibility.

- If there is an outstanding legal issue and GNL has not accepted or been legally given responsibility, the liability may be recorded as a contingent liability until the legal issue is resolved.

**4) It is expected that future economic benefits will be given up.**

It has to be considered whether it is expected that GNL will incur costs to remediate a site (i.e. situations were government does not intend to or may not be required to remediate a site).

- For example: A remote abandoned mine site has impacts that are limited to the site and are not expected to affect public health or otherwise damage or impair the surrounding environment. Due to these factors, GNL does not expect to remediate this site; rather site monitoring will continue as part of an ongoing environmental protection program. Since GNL does not expect that this site would result in giving up future economic benefits (i.e. paying for remediation) the obligation associated with this site may not be recognized as a PS3260 liability.
- For example: A similar abandoned mine has been identified and a remediation plan has been established that involves certain containment measures to adequately address public health and environmental damage (potentially includes a monitoring aspect) that is acceptable under the particular environmental standard. However, there exists a level of contamination that may require further costs to fully remediate the site. In this regard, the cost of the remediation associated with the containment would be the expected future economic benefit to be given up (i.e. paid) and would be recognized as the liability. The extent of full remediation would likely be a part of the disclosures to be detailed as appropriate in relation to the particular site.

**5) A reasonable estimate of the liability amount can be made.**

In the absence of confirmatory sampling information, consideration would be applied to determine if estimates can be developed based on information available. In this respect, professional judgment will be applied in the particular details of the impacted site. Estimation guidelines will be used to assist in the process as determined appropriate by the team. In respect of available information, supporting evidence could include details related to similar sites (i.e. past experience, typical characteristics such as historical land use), available site assessment information and any available site-specific conditions. It is to be noted that a liability may become determinable as more information is available and further stages of assessment are completed.

While all 5 criteria may not be met in order for a liability for remediation to be recognized; it will still be determined if a contingent liability exists and the related reporting requirements are supported with documentation.

Further to estimating liabilities for remediation, the documentation is to include information to support disclosures for recognized liabilities, contingent liabilities and any obligations not recognized as determined to be appropriate. This information will include the following details: the nature and source of the liability; the basis and assumptions of estimates; details regarding net present value (discountable expenditures and discount rate); reasons for not recognizing a liability and the nature and extent of contingent liabilities.

Once it is determined that government is responsible for the site, and there is reason to believe the site has impacts exceeding an applicable environmental standard that will have to be addressed in some manner at some point in the future, the site will be brought forward to the measurement stage.

## 3.3 STEP 3 – MEASURE LIABILITIES

Measuring or quantifying the liability associated with an impacted site is a complex task. Ideally, the liability should be determined through the completion of Environmental Site Assessment (ESA) work. Through the ESA process, the level and severity of the impacts, and the potential risk to human or ecological health is assessed. However, in the absence of ESA information, the liability of a site may be able to be estimated through the use of professional judgment and technical experience. It is important to note that the more site-specific information obtained through ESA work, the more accurate the liability measurement. Appendix A contains additional information regarding the ESA process.

The most accurate environmental site liability estimates will be those which are calculated once environmental testing has been completed and a remedial action plan (RAP) is developed. For this project, however, estimation of an environmental liability may be required prior to the RAP phase. As previously noted, it is possible to estimate an environmental site liability at earlier phases of environmental work at a site, or even prior to completing any environmental work. However, the earlier in the ESA process an environmental site liability is estimated the less accurate the estimate may be, and the more likely the estimated cost will change as future assessment work is completed. In the absence of detailed environmental site assessment work, information related to current and past issues at the site combined with experience remediating similar sites and professional judgment will be used by the ISLAP Team to estimate the environmental liability at a site.

### 3.3.1 Estimating Costs

The environmental liability of a site is composed of two main components; 1) the cost of environmental site assessment work and engineering studies required to fully characterize the site and develop a RAP (i.e. integral to remediation); and 2) the estimated remediation costs.

To assist in the initial estimation, standard cost ranges for site assessment work and remediation have been developed for typical sites using information related to ESA work already completed by GNL. These are outlined in table 1 below. The ISLAP Team will review each site and estimate the assessment and remediation costs based on professional judgment using this table and historical projects as a guide. Only assessment costs directly pertinent to the development of a plan to implement remedial actions or risk management measures will be included in the liability estimate.

**Table 1, Standard Environmental Site Assessment Costs**

| Phase of ESA | Simple Site | Complex Site |
|---|---|---|
| **Phase I ESA** | $3,000 - $5,000 | $5,000 - $50,000 |
| **Phase II ESA** | $10,000 - $25,000 | $25,000 - $100,000 |
| **Phase III ESA** | $10,000 - $50,000 | $50,000 – $500,000 |
| **HHRA/ERA** | $10,000 – $50,000 | $50,000 - $250,000 |
| **RAP** | $2,000 - $5,000 | $5,000 – $25,000 |
| **Remediation** | $25,000 - $100,000 | $100,000 - Millions |

Examples of simple sites might include:

- Residential property
- School
- Small commercial site containing several fuel or other chemical storage tanks
- Smaller storage yard

Examples of complex sites might include:

- Larger commercial site containing multiple fuel or other chemical storage tanks
- Larger storage yard
- Industrial facility

The most uncertain but sometimes the most significant cost to estimate is the actual remediation cost. It is difficult to predict how much remediation is necessary at a site until at least some environmental work has been completed. However, in the absence of detailed site assessment information an estimate may still be made using background information, experience from other similar sites, and professional judgment.

For the purpose of the ISLAP, it is not possible to complete ESA work on every impacted site in order to measure liability, given the time and budget constraints. Therefore, for each impacted site the ISLAP Team will gather and review as much information as possible from within government departments and outside agencies and repositories, similar to an internal Phase I ESA. Information to be reviewed will include, but not be limited to, government records, historical deeds, aerial photographs, site inspections, and interviews with personnel familiar with the impacted site. If deemed necessary for more complex sites, the ISLAP Team may retain a consultant to assist with this process. It is expected that liabilities for many of the impacted

sites listed by government departments and government organizations will be able to be estimated following this information review. Again, this will be based on other similar sites, professional judgment, and technical experience.

When estimating the environmental liability of an impacted site, consideration must also be given to the accessibility of the site. An impacted site on the coast of Labrador will most likely have a higher cost to assess and clean up than a similar site located in St. John's. Therefore, a site that may seem fairly simple to remediate may become more complex due to its remote location. For example, it may be appropriate to increase an environmental liability estimate by 10-25% for a remote location on the island of Newfoundland, and by 25-50% for a remote location in Labrador. Further, the nature and type of the contamination will also play a significant role in the development of remedial cost estimates. For example, remediation of PCB impacts often requires the shipping of the soil to other provinces for destruction, and can cost over ten times that of petroleum hydrocarbon impacts on a unit price basis. However, due to the nature of PCBs they tend to not disperse through the soil and ground water as rapidly, potentially limiting the volume of soil impacted.

Using existing information from completed remedial activities on other sites and professional judgment the ISLAP Team will develop some tools as well as select some existing tools to help estimate remediation costs. These tools may include; a table of standard unit price cost for typical remediation activities (i.e. excavation, transportation, treatment, disposal, backfill etc.); typical remedial option probabilities (i.e. risk management vs. remediation); cost estimate standard approaches (e.g. ASTM Standard Guide for Estimating Monetary Costs and Liabilities for Environmental Matters). While it is not practical to determine what tools or approaches will be used for each unique site in advance of the measurement exercise, the use of standardized tools for each site will be documented during the process.

### 3.3.2 The Use of External Consultants

For more complex sites or sites with the potential for a significant level of contamination, it is expected that a qualified consultant will be retained to complete Phase II ESA work at the site in order to gain a better understanding of the site conditions. Following the Phase II ESA, the liabilities at these impacted sites will be estimated. To cover these assessment and testing costs the department has been allocated an additional $150,000 for professional services in budget 2014/15. The ISLAP Team will work within the conditions of Treasury Board's Guidelines for the Hiring of External Consultants when selecting consultants to do this work on a fee for service basis.

### 3.3.3 Sample Calculations

The following examples are for demonstration purposes to highlight the process that the ISLAP Team will use to estimate the liability for sites with limited information. It is very important to note the examples serve as a guidance tool, and the numbers should not be directly applied to similar sites as is. The remediation costs were estimated based on applying professional

judgment to the range of historical costs from other typical government sites that had been remediated in recent years. Note that all costs are before taxes.

*Example 1: Fuel Oil Spill at a Former School in Clarenville, NL*

Generally, a fuel oil spill can be considered a "simple" impacted site. As mentioned previously, the cost can become much higher depending on the location of the site. In this example, a Phase I ESA ($2,600) and Phase II ESA ($10,250) were completed. From this work it was determined that fuel oil impacts exist at the site, and have been delineated adequately (i.e. no extra sampling required to fill in the gaps). Because the contaminant was fuel oil, the Atlantic PIRI published clean-up numbers could be applied, so a formal risk assessment was not required.

The environmental liability could be estimated as follows:

| | |
|---|---|
| Phase I ESA | $0 (already completed) |
| Phase II ESA | $0 (already completed) |
| Phase III ESA | not required |
| HHRA/ERA | not required |
| RAP/RMP | $2,000 |
| Remediation | $25,000 |
| **Total** | **$27,000** |

*Example 2: Impacts at a Former Diesel Generating Station in Remote Labrador*

A diesel generating station can be considered simple or complex, depending on the site location and contaminants identified. In this example, the only work completed at the site is a Phase I ESA ($4,700), which determined the potential for diesel and PCB impacts across the site. This site would be considered a complex impacted site, due to the presence of PCB impacts. Additionally, as this site is located in a remote location, additional mobilization/demobilization and remediation costs can be expected. A quote was recently obtained from an environmental consultant to complete Phase II ESA work at the site ($35,250).

The environmental liability could be estimated as follows:

| | |
|---|---|
| Phase I ESA | $0 (already completed) |
| Phase II ESA | $35,250 |
| Phase III ESA | $75,000 (includes $15,000 for remote location) |
| HHRA/ERA | $40,000 |
| RAP/RMP | $4,000 |
| Remediation | $187,500 (includes $37,500 for remote location) |
| **Total** | **$341,750** |

### 3.4 Step 4 - Report Liabilities

Once all the potential impacted sites have been identified, evaluated, and measured in a consistent manner they will be documented in a report that will be used by the OCG to prepare the impacted sites liability section of the Public Accounts Report.

The ISLAP report will document the process used by the ISLAP Team as well as the evaluation and measurement exercise on each individual site. It will include an executive summary or synopsis that will provide details necessary for the reporting and disclosures related to liabilities for impacted sites per PS3260 for the Public Accounts. Further, it will summarize details in relation to each site for liabilities and contingent liabilities for each department as well as for each government organization. It will include the standardized assessment form for each impacted site organized separately for departments and government organizations. The standardized form will be used to guide the evaluator through the process while maintaining a consistent approach and reporting format. Appendix B contains both the blank form that will be used throughout this process as well as a sample completed form.

## 4.0 WORK SCHEDULE

PSAB dictates that PS3260 is to be implemented for the Public Accounts Reports for fiscal years starting April 1, 2014. The goal of this initial project is to complete the ISLAP report by March 31, 2015. This will allow ample time to allow information to be provided to departments and government organizations for reporting to the OCG in May for the 2014-15 Public Accounts. Below are some proposed milestones and delivery dates.

| | |
|---|---|
| April 30, 2014 | Complete the ISLAP Implementation Plan |
| May 1 - May 31, 2014 | Consultations with GNL departments to complete site identification |
| June 1, 2014 - Jan 31, 2015 | Review, assess, and measure site liabilities |
| Feb 1 - Feb 28, 2015 | Prepare draft report |
| March 1- March 15, 2015 | Report review by executive and the OCG |
| March 31, 2015 | Submission of the final report |

## 5.0 SUMMARY

ISLAP has been developed to bring GNL's Public Accounts Reporting into compliance with the PSAB PS3260 standard for reporting liabilities for impacted sites for the fiscal year starting April 1, 2014.

This plan outlines the initial one year project to establish this new program. ISLAP is designed to be an ongoing program that will require significant efforts to ensure that new sites are identified, evaluated, measured, and reported on an ongoing basis. It is equally important that existing sites be further assessed in pursuit of more detailed and accurate liability estimates. While ISLAP has been designed as a tool to allow GNL to comply with the PS3260 reporting standard, it also has the ability to be used for decision making through the prioritization of impacted sites on a government wide basis. Armed with this information, decision makers can strategically allocate resources to reduce environmental liabilities.

During this initial project stage ENVC and the Department of Finance will continue to work together to explore options for the continued updating of ISLAP as well as the use of the information gathered to strategically target impacted sites for remediation.

# Appendix A – The Environmental Site Assessment Process

The following is an overview of the ESA process and how it can be used to measure liability associated with an impacted site. Please note that this is a general overview, and the assessment of an impacted site is very site-specific and may not follow this process exactly. A Site Professional (i.e. environmental consultant) shall be retained to complete the ESA work, develop the remedial action plan, and oversee any site remediation activities.

*Phase I ESA*

The purpose of a Phase I ESA is to gather information regarding the site and surrounding properties, including but not limited to: historical and current operations at the site and surrounding properties, current site conditions, topographical and geological information, previous environmental issues, and previous environmental work. A Phase I ESA does not usually involve ground-intrusive work. Therefore, the end result of a Phase I ESA is determining if the site has the potential to be impacted, what types of contaminants are expected, and what further work is necessary to identify potential impacts.

For example, if it is determined through a Phase I ESA that furnace oil was previously stored in tanks on a site, it would be reasonably expected that furnace oil impacts may exist in the area of the former tanks, and should be further assessed.

*Phase II ESA*

The purpose of the Phase II ESA is to identify the presence or absence of impacts on a site. This phase involves some level of ground-intrusive work, including but not limited to completion of test pits, boreholes, and/or monitor wells. Environmental sampling is completed during a Phase II ESA, and may include soil, sediment, groundwater, surface water, and other sampling. Environmental samples collected during a Phase II ESA are generally compared to generic published guidelines that are protective of human and/or ecological health.

The end result of the Phase II ESA is the identification of impacts on a site that exceed the applicable guidelines. However, it is important to note that a Phase II ESA will typically only determine the presence or absence of contamination (i.e. impacts above the applicable guidelines). Complete vertical and horizontal delineation (i.e. how far across the ground and how deep the impacts exist) will usually not be accomplished during a Phase II ESA.

For example, it may have been identified during a Phase I ESA that an abandoned commercial building formerly contained two above-ground furnace oil tanks. Phase II ESA would likely involve the completion of environmental sampling (i.e. soil and groundwater) in the vicinity and down-gradient of the two former fuel oil storage tanks. The results of environmental sampling may indicate petroleum hydrocarbon (i.e. fuel oil) contamination in soil in the vicinity of one of the two former fuel oil storage tanks. However, exactly how wide-spread the contamination spreads both horizontally (across the site) and vertically (how deep into the ground) is not delineated in the Phase II ESA.

*Phase III ESA*

The main objective of the Phase III ESA is to determine the extent of impacts identified during the Phase II ESA. Through additional environmental sampling, the vertical and horizontal delineation of impacts previously identified is completed (i.e. how widespread). Again, the sampling results are generally compared to applicable published guidelines to determine the extent of contamination.

For example, if metal (i.e. lead) impacts are identified in soil during a Phase II ESA, additional environmental sampling for lead would be completed in the Phase III ESA to better delineate the horizontal and vertical extent of the soil impacts. This would result in better estimates of the volume of soil requiring remediation, and in turn, costs.

*Human Health and Ecological Risk Assessment*

While it is acceptable to use applicable guidelines (i.e. generic published guidelines) to guide remediation, the risk-based approach to management of impacted sites is widely used in North America. Essentially, a risk-based approach involves the use of modeling tools to determine the potential for adverse effects to a receptor (i.e. human, animal, or biota) from exposure to the contamination at the site. Through the completion of a human health risk assessment (HHRA) and/or ecological risk assessment (ERA), clean-up levels are often developed which are more site-specific. Depending on the site conditions, these site-specific clean-up levels may be less stringent than the generic published guidelines (due to the extremely conservative nature of generic guidelines), and this can potentially equate to lower remediation costs.

*Remedial Action/Risk Management Plan*

The final stage in the environmental site assessment process is the development of a remedial action plan (RAP) and/or a risk management plan (RMP). Essentially, a RAP outlines how a site is going to be remediated (i.e. digging soil and disposing at a treatment facility, etc.). A RMP can be used with or instead of a RAP, and involves implementing measures to mitigate potential unacceptable risks to receptors (i.e. land use restrictions, etc.). It is at the RAP/RMP stage that more accurate estimates can be assigned to site remediation, as a plan has been developed.

There is a high level of uncertainty in estimating the total cost to clean up an impacted site, depending on what stage a site is in the ESA process. As outlined above, the further along the ESA process a site is, the more accurate the information regarding site impacts and their potential risk to human and/or ecological health. This translates to a more accurate estimate of the environmental site liability.

# Appendix B – ISLAP Site Evaluation Form

# Impacted Sites Liability Assessment Program

## Site Evaluation Form

This form is intended to be completed by qualified impacted sites experts within the Department of Environment and Conservation

## Part 1 - General Information

Site Name | Site Number

Location

Department or Agency

Type of Site

Description of Known or Suspected Impacts

## Part 2 - Scoping Considerations

| The following are questions that should be considered in the holistic analysis of the identification and evaluation process. They are not all necessarily intended to be definitive but are meant to aid in the evaluation thought process. | **Yes** or **No** |
|---|---|
| **Are the suspected impacts in the air, water, or soil?** | |
| **Is the site closed, abandoned, or no longer in use?** | |
| **Is this related to an accidental spill on an active property?** | |
| **Have standards changed significantly since the site was last evaluated?** | |
| **Is the site a tangible capital asset that could be excluded from PS3260?** | |
| **Is this a closed landfill site?** | |

## Part 3 - Mandatory Recognition Criteria

| **Mandatory Recognition Criteria**<br>All of these criteria must be met in order to have a PS3260 liability | **Yes** or **No** | **Explain** |
|---|---|---|
| **Does an environmental standard exist?** | | |
| **Is the contamination likely to exceed the standards?** | | |
| **Is GNL directly responsible or accepted responsibility?** | | |
| **Is it expected that future economic benefits will be given up?** | | |
| **Can a reasonable estimate of liability be made?** | | |

| If there is uncertainty in the evaluation of a particular site please consult with the Office of the Comptroller General | **Yes or No** |
|---|---|
| **Does this site meet the criteria to be recognized as a PS3260 impacted site?** | |

| If No, please explain why not: |
|---|
| Could this be considered a contingent liability? |
| Should this site be otherwise disclosed in the notes? |

Please identify supporting documentation for recognition in Part 5 of this form.

## Part 4 - Measurement of Liabilities

| Site Name | | | | |
|---|---|---|---|---|
| | Completed (Yes/No) | If Yes, Actual Cost | Required (Yes/No) | If Yes, Estimated Cost |
| Phase I ESA | | $ | | $ |
| Phase II ESA | | $ | | $ |
| Phase III ESA | | $ | | $ |
| HHRA/ERA | | $ | | $ |
| RAP/RMP | | $ | | $ |
| Remediation | | $ | | $ |
| | | | | |
| Remote Location | | | | $ |
| | | | | |
| Total Spent to Date | | $ | | |
| Environmental Liability Estimate | | | | $ |

| Please provide a brief description on how the remediation estimate was derived: |
|---|

Please identify supporting documentation for measurement in Part 5 of this form.

## Part 5 - Approval and Documentation

| Name: | List of supporting documents: |
|---|---|
| Title: | |
| Signature: | |
| Date: | |
| Manager Approval: | |

# Example
# Impacted Sites Liability Assessment Program
## Site Evaluation Form

This form is intended to be completed by qualified impacted sites experts within the Department of Environment and Conservation

## Part 1 - General Information

| Site Name | | Site Number |
|---|---|---|
| | Depot X | TW001 |
| Location | Deer Lake, NL | |
| Department or Agency | Transportation and Works | |
| Type of Site | Service Depot | |

Description of Known or Suspected Impacts

Depot was closed in 2005. There was a historical heating oil spill and other misc. spills from 30 years of operation.

## Part 2 - Scoping Considerations

The following are questions that should be considered in the holistic analysis of the identification and evaluation process. They are not all necessarily intended to be definitive but are meant to aid in the evaluation thought process.

**Are the suspected impacts in the air, water, or soil?** Yes **Is the site closed, abandoned, or no longer in use?** Yes

**Is this related to an accidental spill on an active property?** No **Have standards changed significantly since the site was last evaluated?** No **Is the site a tangible capital asset that could be excluded from PS3260?** No

**Is this a closed landfill site?** No



## Part 3 - Mandatory Recognition Criteria

| Mandatory Recognition Criteria<br>All of these criteria must be met in order to have a PS3260 liability | Yes or No | Explain |
|---|---|---|
| **Does an environmental standard exist?** | Yes | Atlantic RBCA |
| **Is the contamination likely to exceed the standards?** | Yes | Historical spill was not fully remediated |
| **Is GNL directly responsible or accepted responsibility?** | Yes | T and W owned and operated the site |
| **Is it expected that future economic benefits will be given up?** | Yes | Site will have to be remediated as impacts likely exceed health based risk standards |
| **Can a reasonable estimate of liability be made?** | Yes | There is limited site specific information but adequate experience from similar depot sites. |

Please identify supporting documentation for recognition in Part 5 of this form.

| If there is uncertainty in the evaluation of a particular site please consult with the Office of the Comptroller General | Yes or No |
|---|---|
| **Does this site meet the criteria to be recognized as a PS3260 impacted site?** | Yes |
| **If No, please explain why not:** | |
| **Could this be considered a contingent liability?** | |
| **Should this site be otherwise disclosed in the notes?** | |

## Part 4 - Measurement of Liabilities

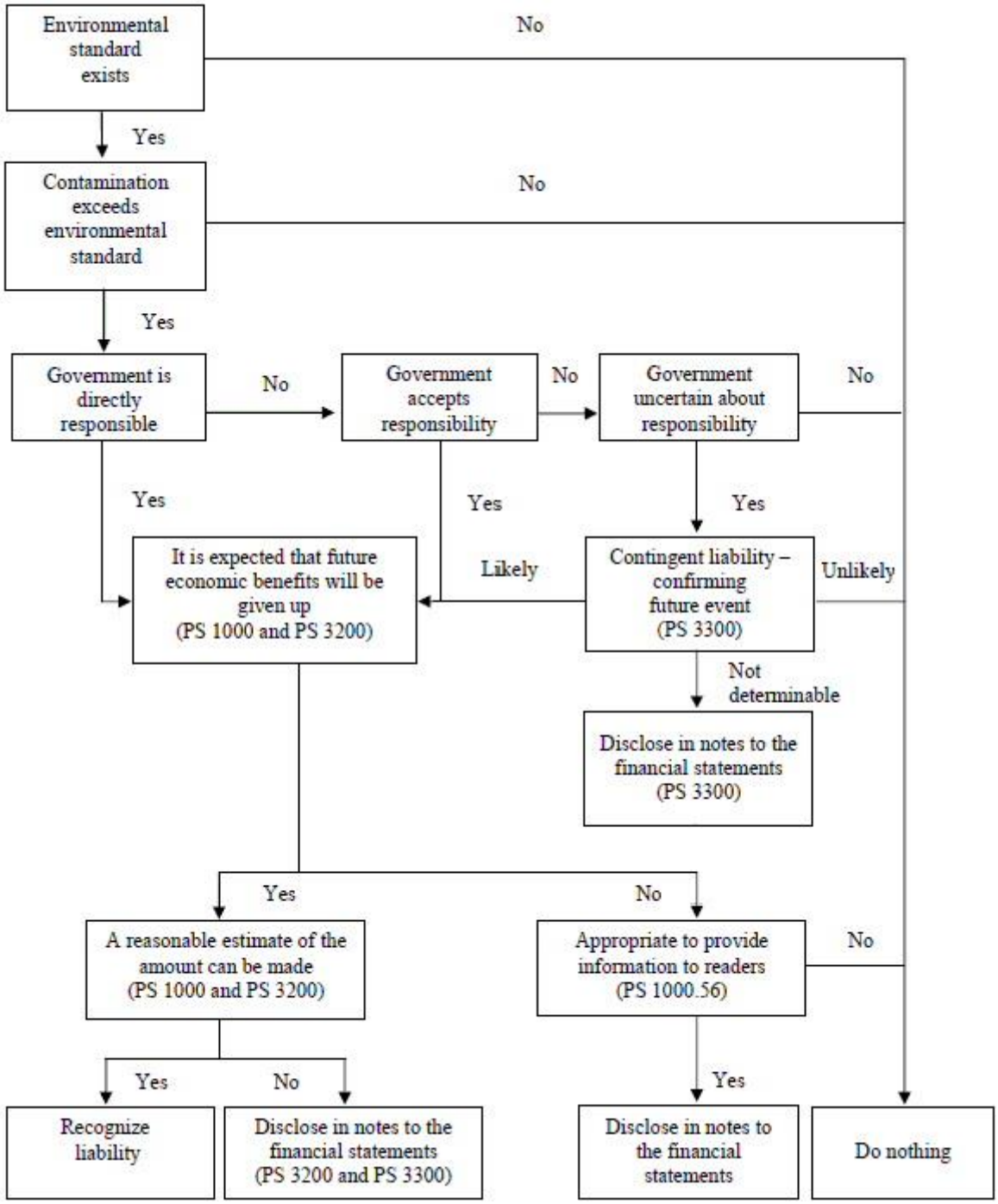
| **Site Name** | | | | |
|---|---|---|---|---|
| | **Completed (Yes/No)** | **If Yes, Actual Cost** | **Required (Yes/No)** | **If Yes, Estimated Cost** |
| **Phase I ESA** | No | $ - | Yes | $3,000 |
| **Phase II ESA** | No | $ - | Yes | $10,000 |
| **Phase III ESA** | No | $ - | Yes | $15,000 |
| **HHRA/ERA** | No | $ - | No | $ - |
| **RAP/RMP** | No | $ - | Yes | $2,000 |
| **Remediation** | Some | $5,000 | Yes | $50,000 |
| | | | | |
| **Remote Location** | | | | $ |
| | | | | |
| **Total Spent to Date** | | $5,000 | | |
| **Environmental Liability Estimate** | | | | **$80,000** |

# APPENDIX B

## DECISION TREE — LIABILITY FOR CONTAMINATED SITES

The following decision tree was copied from Appendix A of PS 3260 and may be used to determine whether a liability should be recognized, disclosures should be made or there is no impact to the public sector entity's financial statements.

The following decision tree has been prepared to illustrate the accounting treatment specified in this Section. The decision tree is illustrative only and matters of principle relating to particular situations should be decided in the context of the Section.


Environmental standard exists
No
Yes
Contamination exceeds environmental standard
No
Yes
Government is directly responsible
No
Government accepts responsibility
No
Government uncertain about responsibility
No
Yes
Yes
Yes
It is expected that future economic benefits will be given up (PS 1000 and PS 3200)
Likely
Contingent liability – confirming future event (PS 3300)
Unlikely
Not determinable
Disclose in notes to the financial statements (PS 3300)
Yes
No
A reasonable estimate of the amount can be made (PS 1000 and PS 3200)
Appropriate to provide information to readers (PS 1000.56)
No
Yes
No
Yes
Recognize liability
Disclose in notes to the financial statements (PS 3200 and PS 3300)
Disclose in notes to the financial statements
Do nothing

# APPENDIX C

## ISLAP CHECKLIST

## IMPACTED SITES LIABILITY ASSESSMENT PROGRAM (ISLAP) CHECKLIST

Fiscal Year: _____

Site Name: _____

ISLAP Site Number: _____

Key Contact and Department: _____

Previous Fiscal Year's Environmental Liability Estimate: _____

| | | | | | |
|---|---|---|---|---|---|
| 1 | Is the site a new or previously existing ISLAP Site? | new ☐ existing ☐ | | | |
| 2 | Has any ESA or remedial work been completed at the site since last year's report? | yes ☐ no ☐ | if ***yes*** , what is the most recent work that has been completed at this site? | Phase I ESA ☐ Phase II ESA ☐ Phase III ESA ☐ Risk Assessment ☐ Remediation ☐ | |
| | | | if ***no*** , is there any intention of conducting an ESA or performing remedial work at this site? | yes ☐ no ☐ | |
| 3 | Have there been any additional impacts identified since last year's report? | yes ☐ no ☐ | if ***yes*** , please provide any and all documentation that would support this potential change to liability estimate. | | |
| 4 | Is there evidence to demonstrate that impacts from this site have migrated to off-site properties? | yes ☐ no ☐ | if ***yes*** , please provide any and all documentation that would support this potential change to liability estimate. | | |
| 5 | Has a RAP been developed for this site? | yes ☐ no ☐ | if ***yes*** , please provide any and all documentation that would support this potential change to liability estimate. | | |
| 6 | Has there been any changes in land use, i.e. Site was commercial but is now considered residential? | yes ☐ no ☐ | if ***yes*** , please provide any and all documentation that would support this potential change to liability estimate. | | |
| 7 | Has there been any changes in development, such as new construction, infrastructure removed or potable wells installed on the site? | yes ☐ no ☐ | if ***yes*** , please provide any and all documentation that would support this potential change to liability estimate. | | |
| 8 | Has there been any changes to remediation strategies that may impact the estimated liability for this site? | yes ☐ no ☐ | if ***yes*** , please provide any and all documentation that would support this potential change to liability estimate. | | |
| 9 | Are you aware of any technological developments that may impact the estimated liability for this Site? | yes ☐ no ☐ | if ***yes*** , please provide any and all documentation that would support this potential change to liability estimate. | | |
| 10 | Has there been any changes to legislation that may impact the estimated liability for this Site? | yes ☐ no ☐ | if ***yes*** , please provide any and all documentation that would support this potential change to liability estimate. | | |
| 11 | Has the department conducted their own review of the liability estimate for this Site? | yes ☐ no ☐ | if ***yes*** , please provide any and all documentation that would support this potential change to liability estimate. | | |