



PS 3260

How Accounting Will Shape Our Communities

RemTech 2016

Banff, AB

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Overview

- 1** What is PS 3260
- 2** What are the Challenges
- 3** Roadmap for Solution
- 4** Example Scenario & Trends
- 5** Questions

1

What is PS 3260?

Public Service Accounting Board (PSAB)

- New accounting requirements
- Reporting Environmental Liabilities
- For fiscal yrs. starting on/after April 1, 2014
- Non-productive Sites

What it applies to

Application

- To a site or portion of a site no longer in productive use

Conditions

- An environmental standard exists
- Contamination exists above a standard
- Entity is directly responsible or accept responsibility
- Future economic benefits of site given up
- A reasonable cost estimate can be made



Potential Sites included in PS 3260:

Schools
Bus Garages
Maintenance Garages
Former Industrial sites
Refueling Stations
Fire Stations
Salt domes
Police stations
Old dumping sites (not landfills)
Old wharfs
Redundant infrastructure
Redundant old buildings with past
fuel storage, etc.

Why is it important?

- Asset vs liability
- Bettering understanding of 'true costs'
- Better determination of risks
- Insurance coverage and rates
- Public image

What if a financial report does not meet requirements?

- Risk of audit note and non-closure of annual report

2 What are the Challenges?

Challenges

Inventory

- Defining “non-productive use” sites
- Establishing a dataset of multi-site portfolios

Level of Estimate

- Dependent on degree of data for the site

Consistency

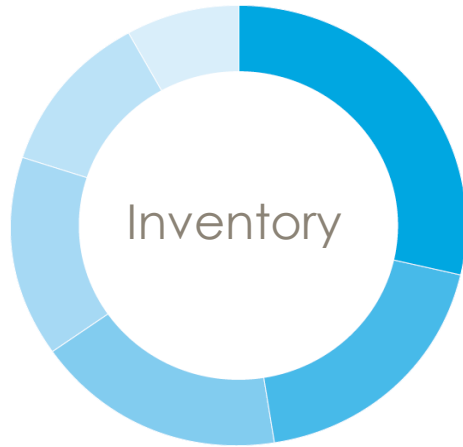
- Methods by which estimates are made
- Knowledge of the professional making the estimate

Annual Review

- Regulatory framework changes?
- Unexpected events resulting in contamination
- Property use change (all or part are no longer in active use)

3 Roadmap for Solution

What is required?



A comprehensive
inventory and
disclosure of
properties
**What, where & why for
each site**



Demonstrated
experience in
liability estimation
**Defendable and auditable
estimates requires
professional judgement
based on experience**



Proper disclosure
in financial
statements
**Due diligence and
options analysis
based on risk**

A. Inventory

Step 1 – Preliminary Screening

- Is facility considered non-productive or a portion non-productive?
- Any unexpected events resulting in contamination

Step 2 – Historical Contamination Screening

- History of past spills or contamination?
- Does an regulatory standard exist for the contaminant(s)?
- Has remediation been completed?
- Is there regulatory closure on file?
- Does contamination exceed current regulatory standards?

PS 3260 Site Screening Tool:

Step 3 – Facility Type Screening

Sites not meeting PS 3260 criteria from Step 2 (i.e., no known contamination):

- Any facilities or features with **HIGH** probability of contamination? (e.g., former gas station, building heated by heating oil, former industrial site, dry-cleaner, etc.)



PS3260 Site Screening Tool:

Step 4 – Final Screening

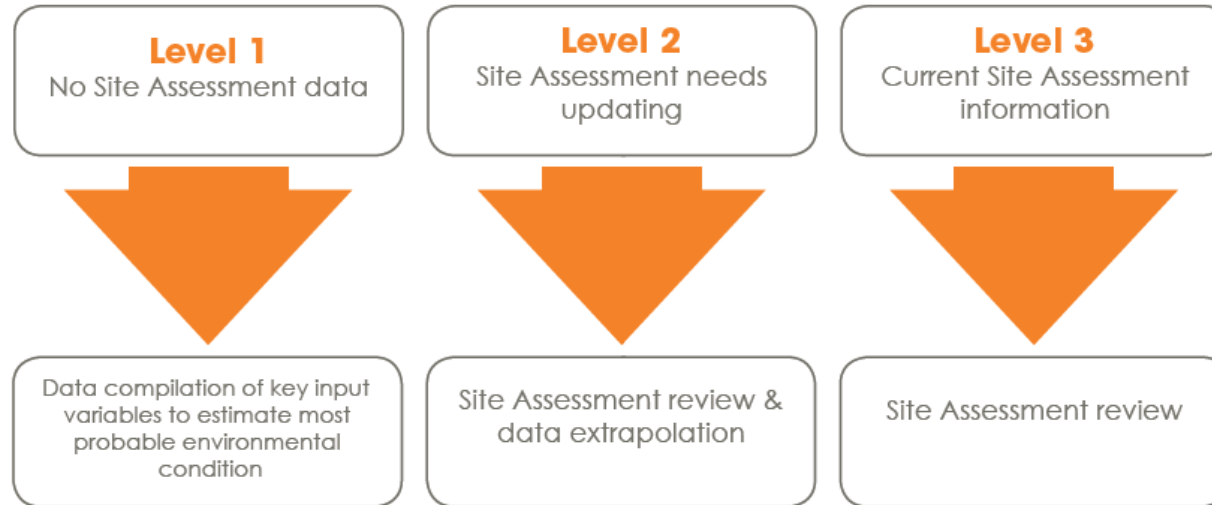
For sites meeting PS3260 criteria in Steps 2 & 3:

- Is the Public Sector Entity directly responsible?...or does it accept responsibility?
- Is it expected that future economic benefits will be given up?
- Can a reasonable estimate of remediation costs be calculated?



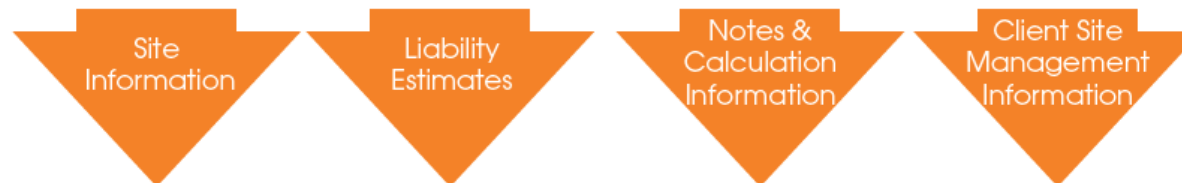
B. Estimation

Site Categorization and Data Compilation



Remediation Liability Estimation

Use the Stantec remediation cost estimation models to develop an estimate for contaminated sites customized to the clients required level of accuracy.



Electronic Database & Integrated Site Management System

C. Disclosure

Digital and Hard Copy Reporting

- Summarize scope of inventory
- List of applicable sites
- Basis of estimate, including backup where required
- Noted changes from previous estimates
 - ✓ Changes in regulations or standards
 - ✓ Changes in property use (productive vs. non)
 - ✓ New releases occurring
 - ✓ Historic impacts recently discovered

4 Example Scenario & Trends



Example 1

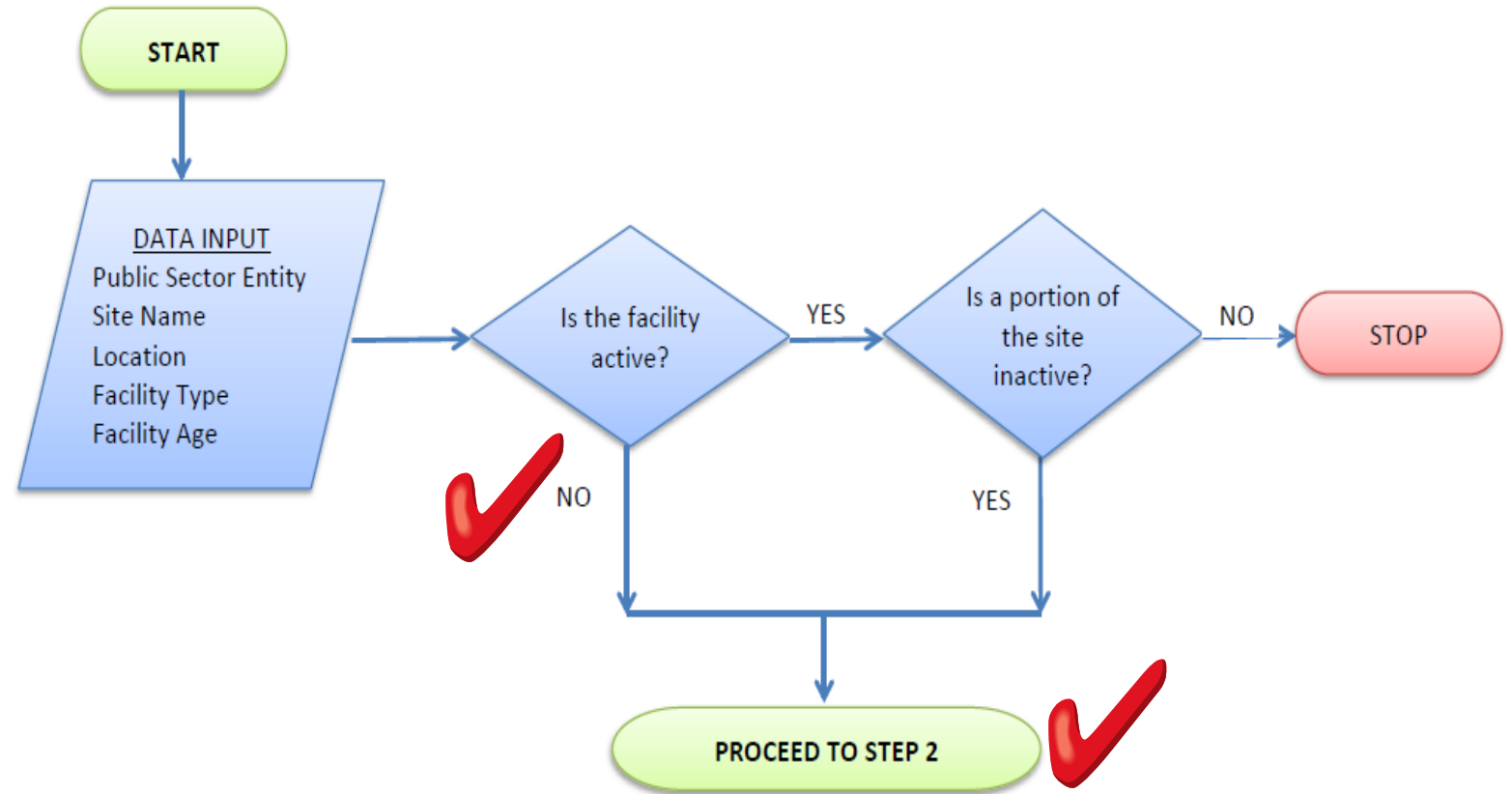


Site Background

- Very old vacant property
- Heating system is fuel oil
- Limited to no records of past fuel storage practices during life of building
- No site assessment completed to date

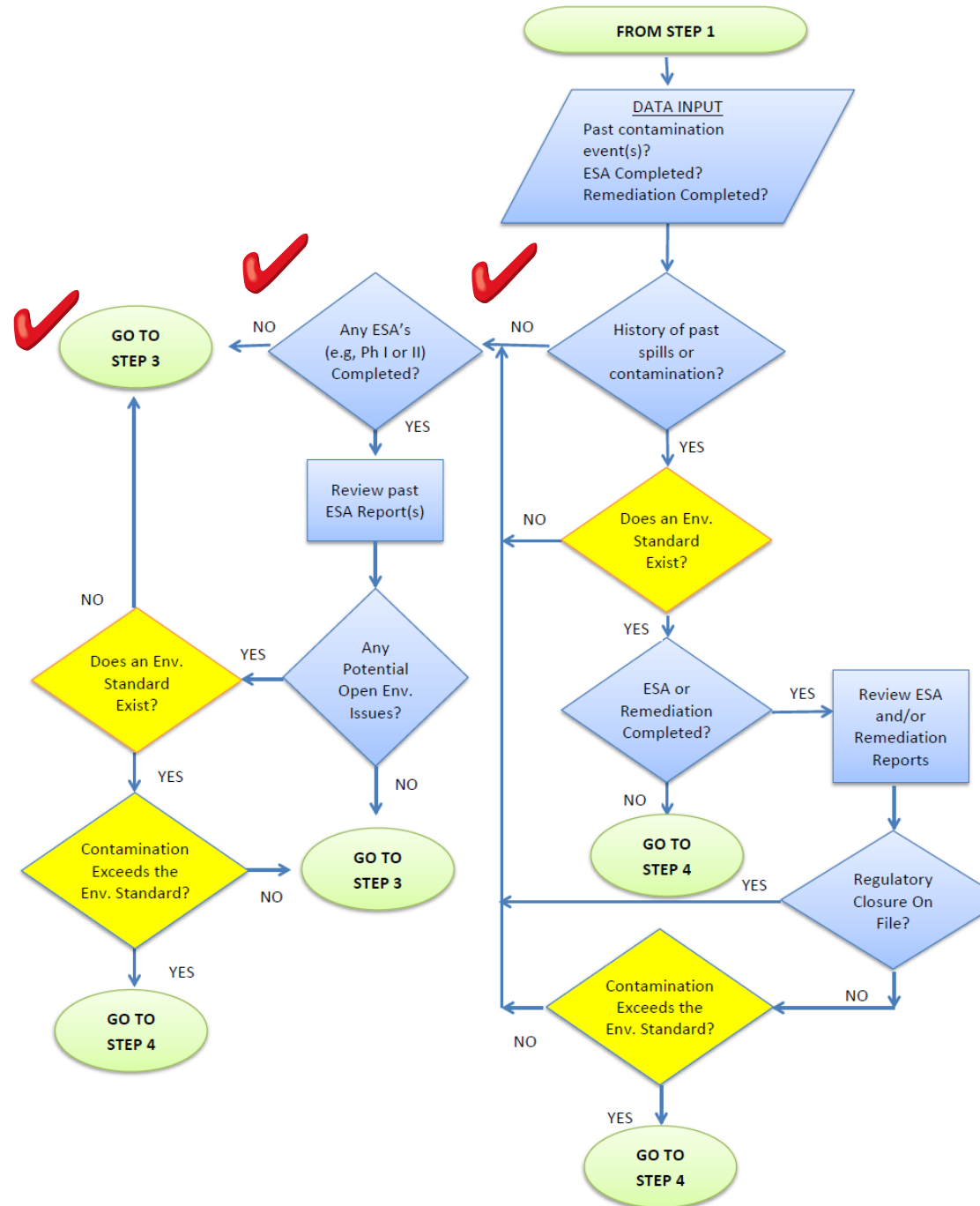
Example 1

Step 1 – Preliminary Screening



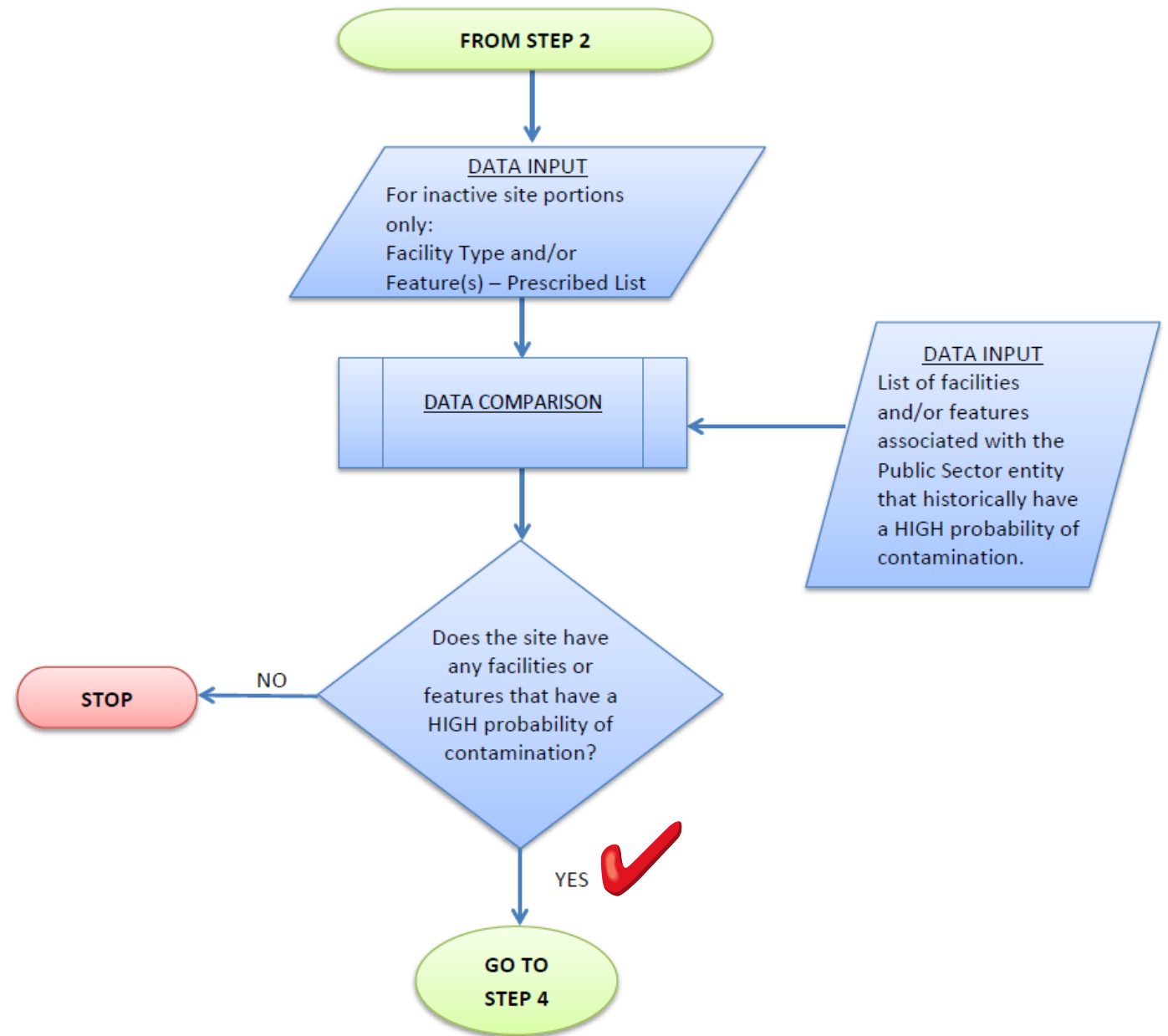
Example 1

Step 2 – Historical Contamination Screening



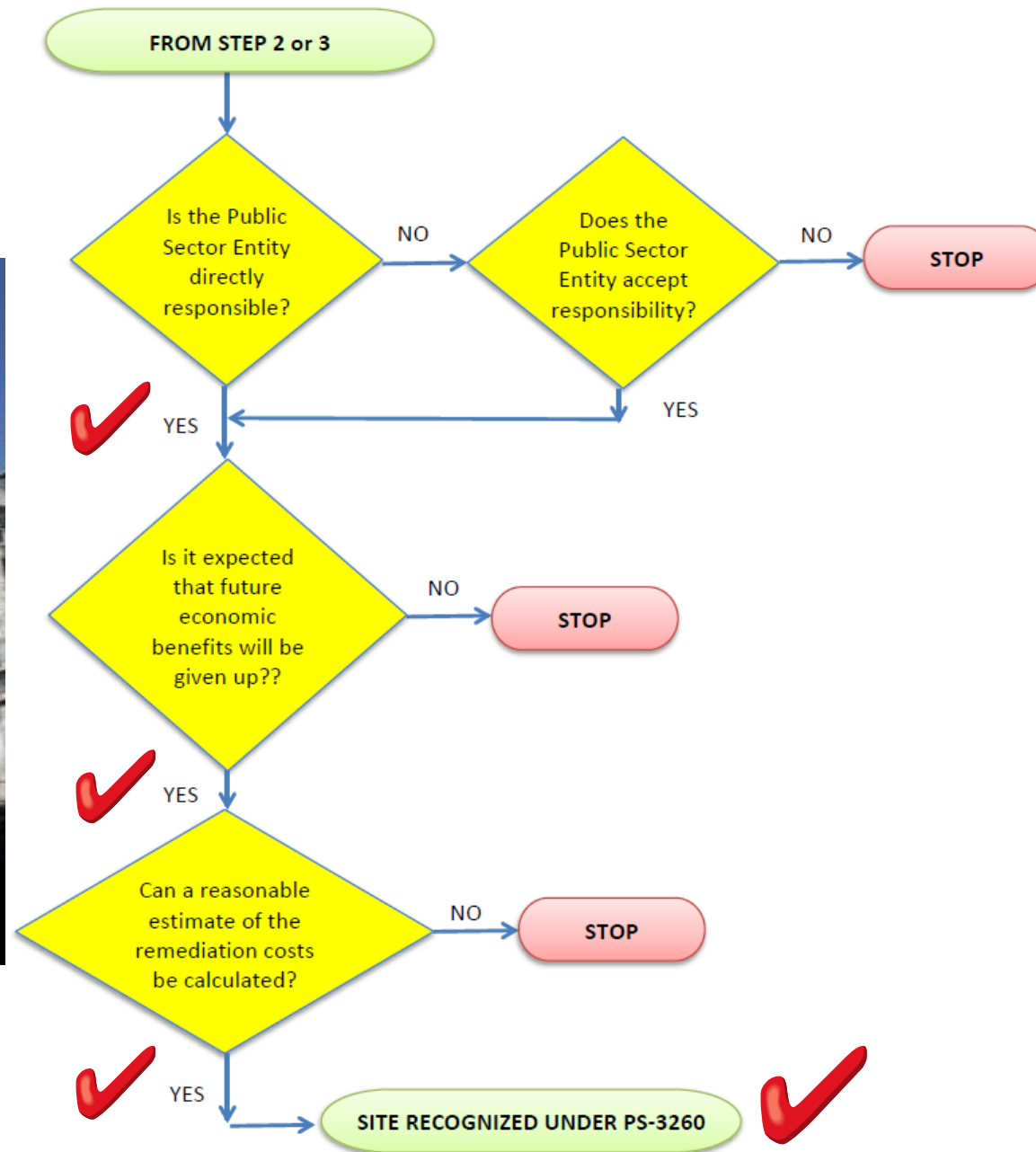
Example 1

Step 3 – Facility Type Screening



Example 1

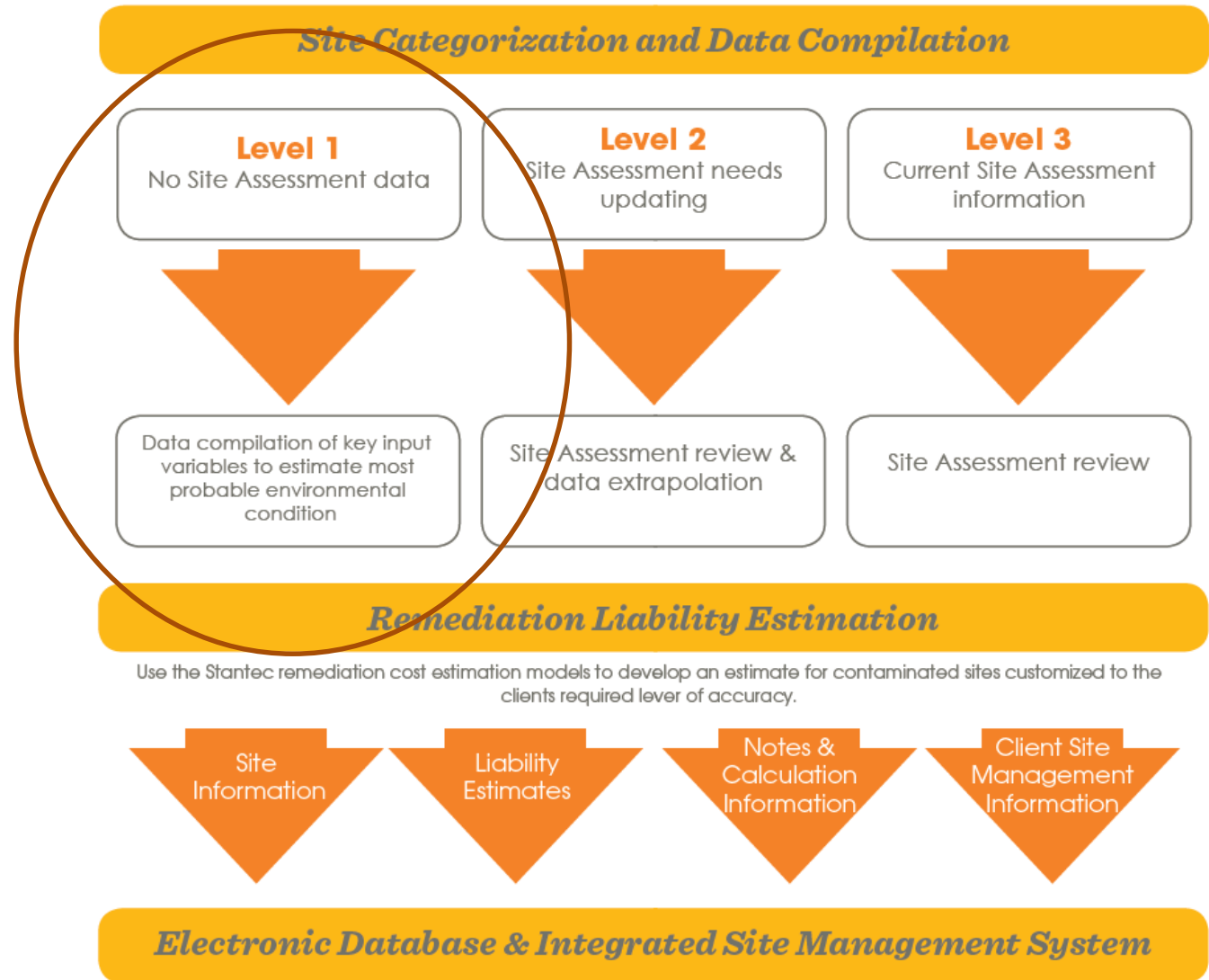
Step 4 – Final Screening



Example 1



Site falls under Level 1 since no site assessment data available.



Example 1

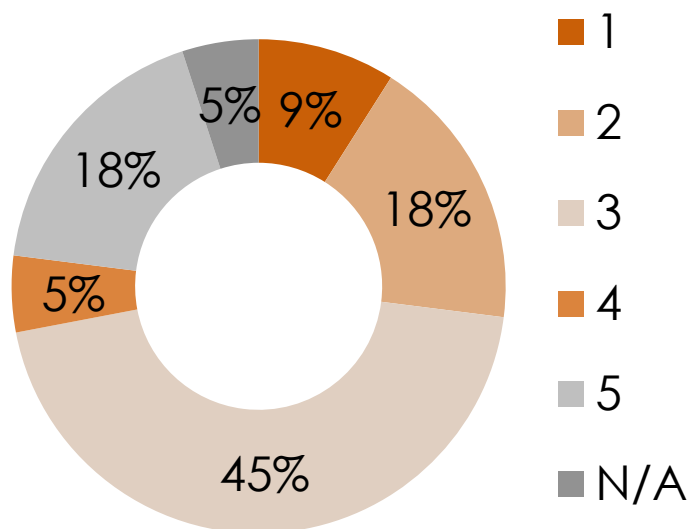


Since no site assessment data available:

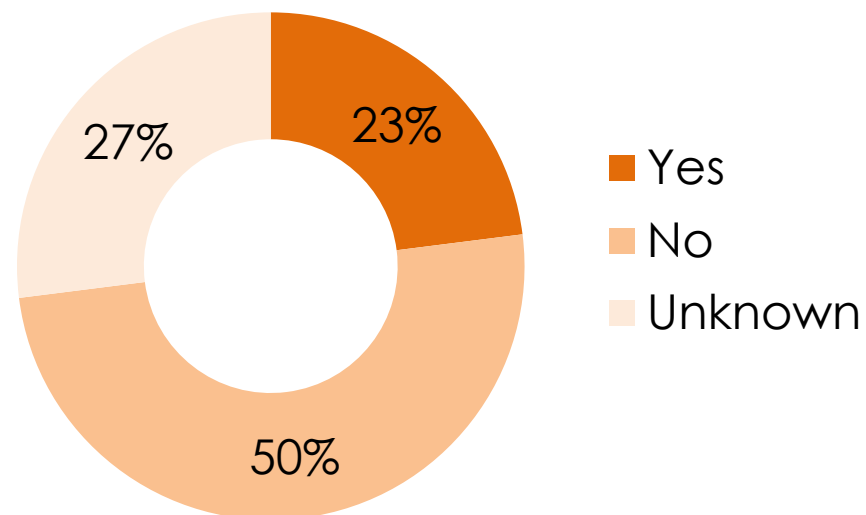
- Estimate magnitude and extent of contamination based on professional judgment and past experience, considering factors such as:
 - Potential source concentrations;
 - Typical cases found from past experience;
 - Potential contaminant chemical and physical characteristics; and,
 - Experience with local soil and groundwater conditions in the area.
- Using estimated quantities, base remedial estimate using typical rates for remediation;
- Provide supporting information on how quantity and rates are derived.
- Make note in file that:
 - **Estimate is based on suspected contamination past/current land use;**
 - **Identify site assessment required to confirm or rule out liability estimate.**

Trends in initial acceptance & understanding of PS3260

Scale of 1-5: How would you rate your awareness today regarding your organization's ability to comply with PS3260?

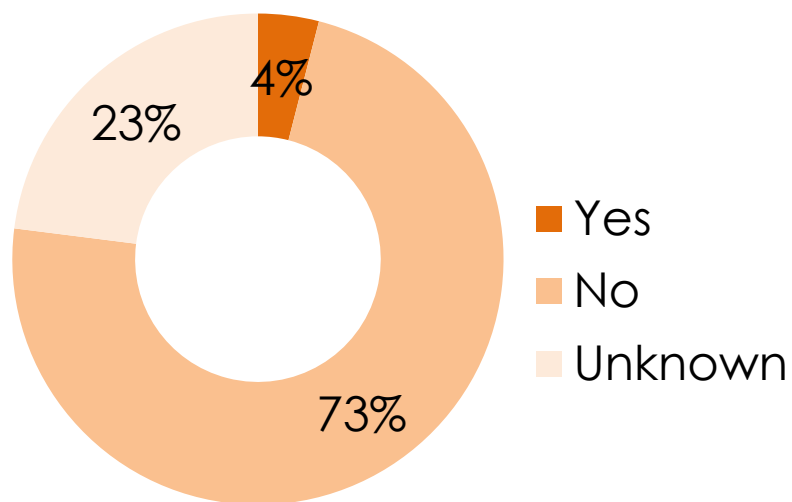


Has your organization developed an inventory of contaminated and non-contaminated sites that is currently maintained & reviewed by Management?

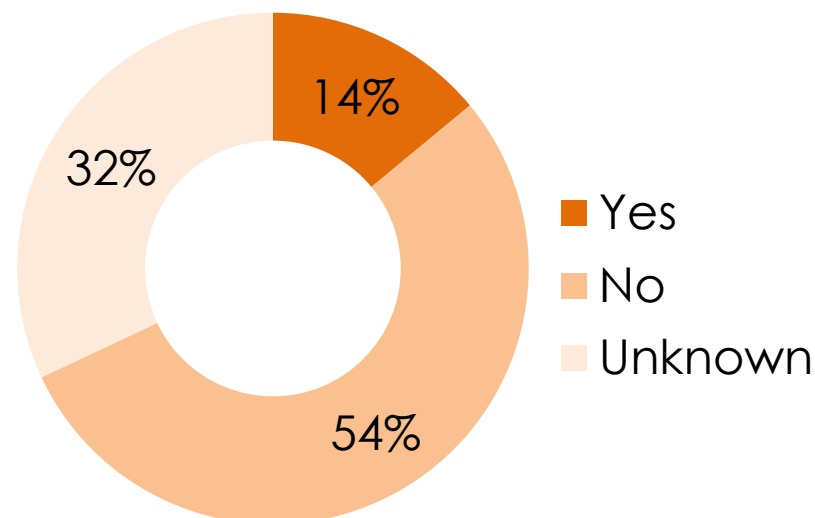


Trends in initial acceptance & understanding of PS3260

Has a formal gap analysis been performed of your organization's existing accounting policies to the requirements of PS3260?



Has a formal project plan been developed to implement PS3260, including clearly defined timelines, milestones, roles & responsibilities?



Redeveloping Brownfield sites are typically viewed as costly and a risk to undertake.

Try to see it differently.

You should strive to transform difficult and often overlooked sites into assets that create value for the owners and the community.

5 Questions



Chris Gill, B.A.(Env), EP, LEED AP
chris.gill@Stantec.com
Direct: (250)389-2536
Cell: (250)508-1944